

BUSINESS WEEK

WHAT'S DOING IN
Summer Suits
PAGE 32



Pepsi-Cola's Alfred N. Steele: The bottle-tops pile higher every month (page 55)

A McGRAW-HILL PUBLICATION

JULY 5, 1952

TWENTY-FIVE CENTS



Chemical Progress

News of developments from General Electric's Chemical Division that can be important to your business.



G-E CHEMICAL RESEARCH MAKES POSSIBLE *New Uses for Plastics*

Development of G-E rubber-phenolic molding compounds widens use of plastics in applications requiring unusual strength and resilience.

Now General Electric chemical progress has greatly increased practical applications for plastics! G-E rubber-phenolics work successfully where other types of plastics often fail because rubber-phenolics have five to seven times the shock strength of conventional phenolic materials.

Typical of the new uses for G-E rubber-phenolics are the two dishwasher parts shown here. The silverware basket—formerly made of scarce brass—has the required strength and resilience to withstand dropped utensils and operating vibration. Like the impeller (see inset) it is resistant to hot water, strong detergents.

A few of the present uses for G-E rubber-phenolics include business machine parts, handles for heavy-duty machinery and bobbins for textile mills. Many more are sure to develop as industry takes advantage of this recent contribution of G-E chemical progress—other examples of which appear on this page.



Shining example! The new non-oily, easier-spreading furniture and auto polishes made with G-E silicones show how products may be improved by utilizing the remarkable properties of this new family of materials.



G-E varnished fabrics and tapes, part of the G-E line of insulating materials, have extraordinary resistance to moisture and heat-aging, are proving valuable for many dielectric and insulating uses.



G.E.'s revolutionary new Monotop work surface (the one-piece G-E Textolite[®] backsplash-counter top for kitchens and vanities) is the result of G-E molding skill plus research in superior resins and varnishes for laminating purposes.

For more information about any of the G-E chemical products or processes described on this page, write to General Electric Company, Chemical Division, Section 100-2A, Pittsfield, Massachusetts.

PLASTICS COMPOUNDS • SILICONES • INSULATING MATERIALS • GLYPTAL[®] ALKYD RESINS • PLASTICS LAMINATING, MOLDING, AND EXTRUDING

You can put your confidence in—

GENERAL ELECTRIC

* Reg. U. S. Pat. Off.



Any way you look at it



Your telephone is worth far more than it costs.

The cost of a call can be counted in pennies.

The value is often beyond measure.



BELL TELEPHONE SYSTEM



Figure...First!

Yes... it pays to figure first... instead of afterward... how Veeder-Root Counters can profitably be *built into* your new products, machines, or processes... to build up sales appeal and new markets.

Much easier to call in a Veeder-Root engineer *now*, than waiting until *later*, when your design is in production.

And remember that you can count on Veeder-Root to help you, consistent with defense commitments.

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Chicago 6, Ill. • New York 19 • Greenville, S.C. • Montreal 2, Canada
Dundee, Scotland • Offices and Agents in Principal Cities





**A nontechnical report to management
concerning profits**

They did what you can do to save time

If you are threatened with disaster or emergency conditions, time saved means equipment, property and money saved. Management men in all industry can profit from the experience of this Nevada metals-reduction company.

On a Friday afternoon, Westinghouse received this call:

"One of our pump motors has failed. Water is starting to flood the 1400-foot level in our mine. It will rise and flood the pumping station if the motor isn't repaired quickly. Can you help us?"

Within 30 minutes, our Salt Lake Manufacturing and Repair Shop had the needed parts scheduled in by air from three West Coast cities. When the motor arrived the next morning, our factory-trained men went to work to rebuild and rewind the motor. Working day and night they completed the repair in time to prevent the flooding.

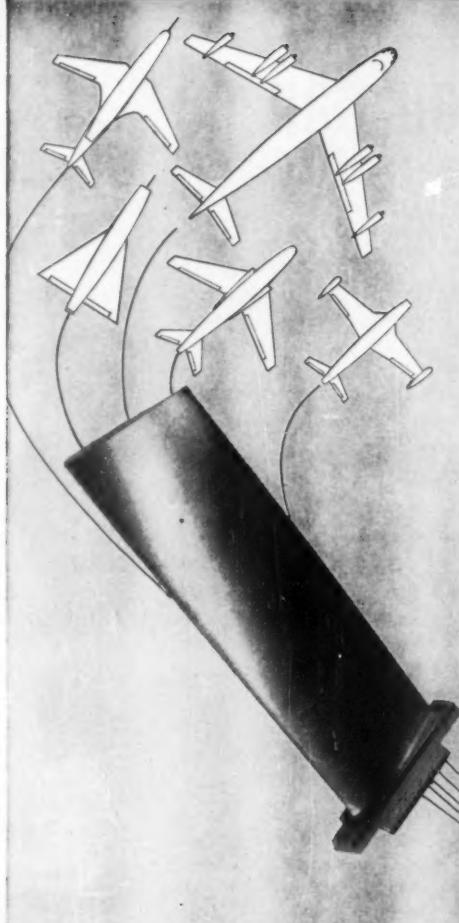
This same time- and equipment-saving technique applies to every industry, every maintenance problem. It is a part of the total Westinghouse services that you can use to your profit — for application, installation, emergency or periodic repair.

We want to do the kind of planning with you that uses our Certified Maintenance service — before emergencies arise — to save time, to save money, to produce more with what you have. Your nearest Westinghouse office can show you how. Westinghouse Electric Corporation, Pittsburgh, Pennsylvania.

**YOU CAN BE SURE...IF IT'S
Westinghouse**



JET PARTS PRECISION-FORGED ON MAXIPRESSES!



• The forging of compressor blades and turbine buckets for jet aircraft engines demands the unparalleled ruggedness designed and built into the new MAXIPRESSES.

For this reason MAXIPRESSES are being chosen for the vast portion of the American, Canadian and British jet forging installations.

These fine, newly redesigned, high speed forging presses, embodying 23 new features, are specially suited to the most difficult present-day work, and by the same token will be the most reliable forge-shop equipment for future use as well.



NATIONAL
MACHINERY COMPANY
TIFFIN, OHIO—SINCE 1874

DESIGNERS AND BUILDERS OF MODERN FORGING MACHINES • MAXIPRESSES • REDUCEROLLS • COLD HEADERS • BOLTMAKERS • NUT FORMERS • TAPPERS • NAILMAKERS

Hartford

Detroit

Chicago

Taking up where the grass leaves off

The most effective dam in the world is one blade of grass. When a raindrop runs up against a blade of grass, it's not going anywhere except down in the earth where it belongs.

But blades of grass can't generate hydroelectric power or control water for irrigation or channel it for soil conservation. To do that you need man-made dams.

Modern dams are often so huge that the cost of building them would be beyond reason without the newest earthmoving equipment.

The machine you see here is the fastest and most powerful crawler tractor yet in use, the International TD-24. It's hauling a 30-ton device called a spike-tooth roller, to compress loose earth into a solid mass. It's working on the Missouri River's new Oahe Dam—an earth-fill dam that will be $1\frac{3}{4}$ miles long, 212 feet high, 4,400 feet thick at the base.

On big dams like this, on big jobs everywhere, machines with the IH trademark are known for good work.



HOW TO BUILD A LAKE. Not all dams are enormous. While Oahe Dam (above) will create a reservoir 250 miles long, the economy-size embankment below will make a 30-acre lake for a fish-and-wildlife refuge. Again International tractors do the work—that's a Big Red TD-24 at the top, a smaller TD-6 below.



**INTERNATIONAL
HARVESTER**

Industrial Power . . . McCormick Farm
Equipment and Farmall Tractors . . . Motor Trucks
. . . Refrigerators and Freezers

**INTERNATIONAL
POWER THAT PAYS**

If you make
construction
equipment



...WIRE with Belden AND CUT COSTS

CUT COSTS with a specialized cable—improved cables developed specifically for the welding industry.

CUT COSTS in lowered production waste and fewer rejections upon inspection. Cut costs by reducing customer complaints—cutting repair comebacks—for low-cost maintenance and insurance of customer good will.

CUT COSTS: specify Belden Welding Cable. Check its advantages with Belden engineers, today.

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Plus Protection
in Belden
Welding Cable

Belden

WIREMAKER FOR INDUSTRY

To You,
Belden's Golden Anniversary Means

—product performance that can come only from a "know-how" that has grown through actual service since the early days of the electrical industry.

—an ability to co-operate in pioneering new wires to meet or anticipate industry's growing needs.

In the years
that follow
This Belden
Program Is—
—TO BE
CONTINUED

READERS REPORT

First, First, First . . .

Sirs:

First, may we congratulate you on your editorial acumen in recognizing the growing, newsworthy importance of sound insulation materials in industry [BW—Jun. 14 '52, p42]. . . . Secondly, may we rap your knuckles a bit (in a nice way, of course) for neglecting to mention in your story some of the sound insulation accomplishments of the Gustin-Bacon Mfg. Co. of Kansas City, Mo., first company to invade the industrial insulation field, and first to make a name for itself in other fields as well, to wit: (a) First to receive (in 1933) the patent in this country for the manufacture of glass fibers under the name "Rokflos." (b) First company to furnish insulation for a modern lightweight passenger train. (c) First company to insulate (in 1935) a railroad refrigerator car with glass fiber insulation (and presently supplying a very substantial portion of the railroad industry). (d) First to develop lightweight, low density, long length, textile type, glass fiber insulation (in 1943) for sound and thermal uses ("Ultralite" Insulation). . . . Most recently it was incorporated into the Pennsylvania Railroad's new "Senator" and "Congressional" streamliners, as well as the new liner "United States." And finally, our glass fiber insulation . . . also soundproofs the new Alcoa building in Pittsburgh, . . . and Ultralite will go to both National Conventions in Chicago. . . .

Very truly yours,

J. D. SIMMONS

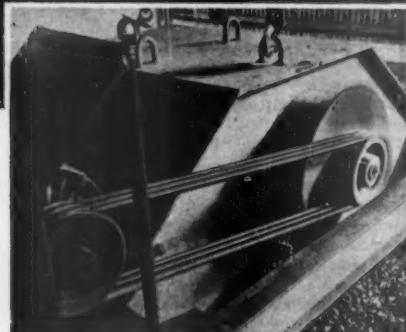
EXECUTIVE VICE-PRESIDENT
GUSTIN-BACON MFG. CO.
NEW YORK, N. Y.

Auto Leasing

Gentlemen:

We read with interest your article on "Auto Leasing Scare the Dealers" [BW—Jun. 21 '52, p56]. Early this year the inroads of the independent leasing companies into their fleet sales volume "scared" a group of long-established, independent Eastern dealerships into doing something about it. The result is the Autolease Group, a sales company, which represents these dealers in search of leasing accounts. The lease contracts are written on behalf of the Autolease member dealer in the area where the general offices of the client company are located. Although the dealer holding the contract administers the entire leased fleet operated under that contract, he actually deliv-

How long can U. S. Rubber V-belts take this shock treatment?



Working on a coal car shaker is probably one of the worst shock loads V-belts are called upon to take. With every revolution they must transmit the power to shake a loaded coal car with sufficient force to loosen tons of packed or frozen coal. Yet this matched set of "U.S." Rainbow V-belts has been working steadily on this shaker for more than 10 months. Previously, three other brands of belts had lasted an average of three weeks apiece. Moreover, the "U.S." belts never jump the pulleys as did the other brands that were tried.

Installing "U.S." V-belts always results in extra operating profit because "U.S." belts are built to handle *extra-rugged* conditions. They have the unique Equa-Tensil Cord Section — a development which makes certain that each cord pulls its *full* share of the load. For more information, write to address below.

PRODUCT OF



Two views of drive of coal car shaker. This shaker handles over 30 cars a day, is equipped with a matched set of three C-144 super-service V-belts.

UNITED STATES RUBBER COMPANY
MECHANICAL GOODS DIVISION • ROCKEFELLER CENTER, NEW YORK 20, N. Y.



Do you get steel strapping service like this?

HERE Bob Thomas, one of the Brainard Strapping System salesmen in New York, shows a customer how to strap a coil of perforated strip steel for shipment—quickly and securely.

Like other Brainard salesmen, Bob knows that the proper use of steel strapping is just as important as the strapping itself. That's why he spends a lot of time out in customers' plants—"showing how". And that's why he's fast on his feet when a customer needs a replacement tool, or strapping materials' right now.

Is Bob ever stumped by a tough packaging problem? If so, you can count on him to get Brainard engi-

neers into your plant in a hurry—to study your methods... work out the specifications for you.

Take a tip from Bob Thomas—your Brainard salesman can give you complete steel strapping service. Give him a call and let him demonstrate. Offices located throughout the U.S.; in Canada, P.J. McArthur Company, Toronto.



COMPLETE STEEL STRAPPING SERVICE, LIGHT AND HEAVY DUTY STRAPPING, TOOLS AND ACCESSORIES



WARREN, OHIO

For catalog on Brainard Strapping System write Brainard Steel Division, Dept. P-7, Griswold Street, Warren, Ohio.

ers only those units required by the client in his trade area. Orders for deliveries in other areas are forwarded to our member dealers in those areas. Because we believe that the automobile business must remain with the dealers, we are convinced that the future of leasing lies with cooperative efforts such as we have set up rather than with independent leasing operators who have so many voices in the industry raised against them.

Yours very truly,

L. R. HALL

DIRECTOR

THE AUTOLEASE GROUP
NEW YORK, N. Y.

Smog

Gentlemen:

Your May 31 issue describes the "new" catalytic process for converting industrial fumes, and smog, to heat energy. Many of your readers, knowing of our years of research, development, and manufacture of catalytic fume combustion equipment, have written us regarding the article. To correct your records, we respectfully refer you to Chapter 23 of McGraw-Hill's book "Air Pollution" which describes the recovery of heat from fumes by catalytic combustion, as presented by the writer during the 1950 U. S. Conference on Air Pollution. The process, covered by our pending patents, is already converting fumes to useful heat on over 150 installations, with individual service-free performance records exceeding 15,000 operating hours.

Yours very truly,

R. J. RUFF

PRESIDENT

CATALYTIC COMBUSTION CORP.
DETROIT, MICH.

Economics

Gentlemen:

Your issue of June 14, page 79, carries an article on the economics of the hour as compared with John Stuart Mill's time. . . . You have brought out what in our opinion, at least, is a very good point and one which most of us, particularly those who have lived in the day of surplus labor and shortage of capital, have difficulty in recognizing.

Sincerely,

W. C. HAMMOND
KALAMAZOO, MICH.

Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 36, N. Y.



Waiting for you...in the SOUTH!

THE "WELCOME MAT" awaiting industries here in the South is made of many things—

It is made of rich natural resources and advantages, adequate power and fuel, and dependable, efficient transportation facilities—

It is made of competent, efficient, willing-to-work manpower, and large and fast-expanding consumer markets, eager and able to buy manufactured products of every kind—

Above all, it is made of the warm friendliness that welcomes new neighbors with the traditional hospitality of the South.

"Look Ahead—Look South!"



SOUTHERN
RAILWAY SYSTEM
WASHINGTON, D. C.

Henry S. Draper
President

The Southern Serves the South

RUGGED, LOW COST AIR CYLINDER WITH BUILT-IN VALVE SETS NEW STANDARDS FOR FAST, PRECISION OPERATIONS



Built-in electrical operating controls, built-in 4-way valve, built-in dual piston rod speed regulators, all with a single air connection, simplify installation of economical pneumatic circuits.

Any repetitive push, pull or lift movement now done manually, can be performed infinitely faster, safer, and at lower cost with this unique, electrically-controlled Bellows Air Motor. The range of work it can do is limited only by the imagination of the tool designer or production engineer.

Unlike conventional air cylinders which require separate remote valves and cumbersome piping, The Bellows Air Motor is a complete power unit. It is compact, fits into crowded quarters, on moving machine elements. It is fast, responds to a starting impulse instantly. It is safe. Its low voltage operation simplifies wiring. It is sturdy, records of 10,000,000, 15,000,000, even 30,000,000 cycles without maintenance or repairs are commonplace.

The Bellows Air Motor is made in a wide range of mounting styles; in five bore sizes to meet varying power requirements; and in standard stroke lengths up to 48". For mechanical or manual operation the Air Motor can be equipped with a built-in manual valve, or for operation in

explosive-hazardous areas with the built-in explosion-proof electrically controlled valve.

The Bellows Air Motor gives you an entirely new conception of the productive possibilities of air power. In the thousands of manufacturing plants where it is in use, it is establishing daily new records for cost reduction and improved productive efficiency. In metal working, in plastics, in woodworking, in any industry you can name, these versatile power units are sparking the imagination of cost conscious production men looking for ways to do old and new jobs better.

WRITE FOR THIS FREE 32-PAGE BOOKLET

HERE IN THESE QUICK-READING PAGES IS THE STORY OF "CONTROLLED-AIR-POWER" — WHAT IT IS DOING FOR OTHERS — WHAT IT CAN DO FOR YOU. THERE IS NO COST, NO OBLIGATION. ADDRESS: DEPT. BW-752, THE BELLows CO., BELLows BLDG., AKRON 9, OHIO. ASK FOR BULLETIN CL-30.

The Bellows Co.
AKRON 9, OHIO



BELLOWS "CONTROLLED-AIR-POWER" DEVICES FOR FASTER, SAFER, BETTER PRODUCTION



He's an honor student— but he'll never graduate

AS ANY man whose career is serving the public in the Life Insurance business can tell you, "an insurance agent's studies never cease until the day he retires."

Keeping abreast of changing conditions is a big and important part of every agent's job. This is especially true today, with countless factors of business and government directly affecting the needs for individual and family security. For example, social security, participation in group pension or special retirement plans, as well as changing inheritance and estate laws, may affect an individual's insurance program.

This is why, to service policyholders effectively, it becomes the very real responsibility of all insurance agents to "keep posted."

Most Life Insurance Companies conduct formal training programs to help agents fulfill this responsibility. For example, at Metropolitan, there is a full-time training "Faculty" of about 160 whose sole job is the *continual schooling* of the Company's Field organization of 21,000 members. In addition, Mana-

gers and Assistant Managers devote a substantial amount of time each week to training activities.

The scope of the Company's training activity is shown by the fact that approximately 2,100 Assistant Managers each year receive the equivalent of three weeks of special tutoring. Approximately 2,500 new Agents each year receive five to ten weeks of intensified training. Within the past two years, most of the Company's 785 Managers have received at least three weeks of special schooling.

Day in, day out for more than 21 years, this continuing program of education has helped to keep the thousands of Metropolitan Field Men and Women constantly up to date—equipped to do a *better job* of servicing the more than 33,000,000 Metropolitan policyholders.

For example, the advanced collegiate course of the American College of Life Underwriters—carrying with it the designation of Chartered Life Underwriter—has been completed by 416 candidates from the Metropolitan, and another 530 have completed one or more of these C. L. U. examinations.

Yet, this more or less formal schooling is only part of the story. Above and beyond the training supplied by their Company, Metropolitan Field people are also "volunteer scholars," students on their own time. For, like ambitious and intelligent people in any business, Metropolitan representatives are anxious to improve themselves so that they can continue to render an outstanding service to the public.

We think this is as it should be, for a competent job of servicing the public is the very heart of the Life Insurance business.

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METROPOLITAN LIFE INSURANCE COMPANY

Metropolitan Life
Insurance Company
(A MUTUAL COMPANY)

1 MADISON AVENUE, NEW YORK 10, N. Y.



Money... made with brick!

WHATEVER YOU BUY—IT'S BECAUSE OF BRICK!

Refractory brick, the only product capable of lining the furnaces that produce the silver, nickel and copper for our coins—the paper for our dollar bills. And, most everything we buy with our money also owes its origin, in part, to refractory brick.

SUCH REFRACTORY BRICK AS RITEX AND STEEKLAD popular basic brick made by General Refractories Company for virtually all metallurgical furnaces. These leading favorites are exceptionally capable of resisting destructive forces—providing long life at high temperatures.

66 GREFCO MINES AND MANUFACTURING PLANTS, here and overseas—together with 18 sales offices, hundreds of distributing agencies, and the most modern of research facilities—deliver a truly *complete refractories service*.

FOR BASIC, FIRECLAY OR SILICA BRICK—MORTARS, CASTABLES OR BULK REFRACTORIES—CALL ON GREFCO!



STEEKLAD—a basic magnesite-chrome brick, permanently jacketed in a patented steel shell. Just one of thousands of superior Grefco products.

GENERAL
REFRACTORIES
COMPANY
PHILADELPHIA

In BUSINESS this WEEK ...

• First Signs . . .

. . . are showing of a slow-down in orders for capital goods. But the machinery industry is going in high—and backlog are still big. But defense orders are subsidiary. P. 29

• First Sailing . . .

. . . of the much-touted United States is this week. But can the great liner earn its living? And how will it change the competitive picture on the North Atlantic? P. 34

• New Law . . .

. . . makes it a criminal act to take serial numbers off major appliances in New Jersey. It's aimed at a flourishing group of price cutters. P. 40

• Tighter Credit . . .

. . . handling is reflected in reports to the companies that insure credit for industrial companies. Even so, it's harder to collect bills now. P. 58

• More Troubles . . .

. . . for the Koreans. Syngman Rhee, 77 this year, seems to be setting up a near-dictatorship. But, whatever he does politically, he's not likely to solve unhappy South Korea's much-scrambled economic troubles. P. 78

• Striking It Rich . . .

. . . the 1,700 Ute Indians have big money—\$32-million coming from the government, more millions from the discovery of oil on the reservation—for the first time in their history. But the Ute isn't going on any toot. He's buying the trader's gadgets, but he's also putting his money into the land and into the bank. P. 90

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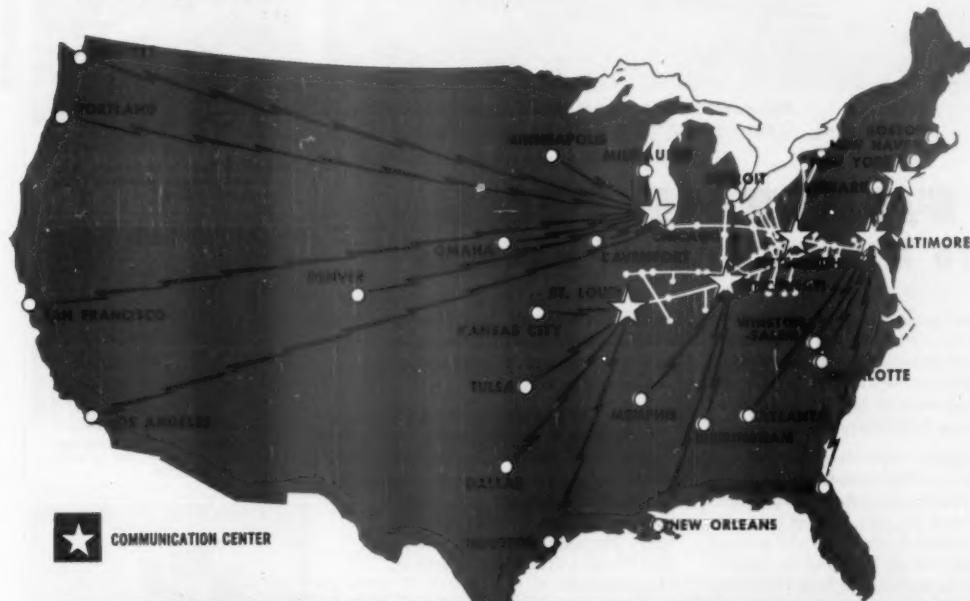


Up-to-the-minute communications keep B & O shippers advised across the nation

You need never lose touch with your car when it's on Baltimore & Ohio lines—even though you're over a thousand miles away from the point of interchange. Modern communications link our system with off-line agencies throughout the nation, and an inquiry from you on car movement or other freight business brings immediate response.

The famed Automatic Records feature of B&O's Sentinel Service functions through this network. Should the schedule of a Sentinel car be interrupted, messages go out through these communications, and both shipper and receiver are notified. Follow-up information brings them up-to-date when cars are reforwarded:

The map shows our off-line agencies and their connections with communication centers on B&O lines. Note their convenient locations which enable us to serve you quickly and efficiently. *Ask our man!*



COMMUNICATION CENTER

Baltimore & Ohio Railroad



Constantly doing things — better!

PUTTING *Air* TO WORK FOR FIBERGLAS



Without an infallible air supply at many process stages, Owens-Corning could not make their famous Fiberglas.

FAN THE FIRE TO MAKE A MILLION MARBLES

These machines swallow glass at 2200°F, spit out 320 red-hot marbles a minute. In one day, they produce more than a million marbles to feed forming machines turning out a multitude of famous Fiberglas products.

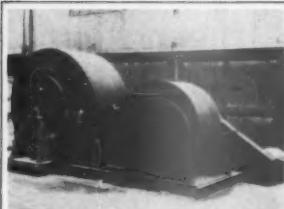
Air plays a vital role in many ways in glass making. Take, for example, the combustion air to the glass furnace. If it failed for only a short time, the entire melt would be lost and it would require a week to rebuild the furnace. And throughout this huge plant, over

150 Sturtevant fans like those pictured at right give production an assist by *putting air to work* in both cooling and heating processes.

Our specialty is making air work for you . . . with a complete line of air handling, air conditioning and air cleaning apparatus. For help on your problem, call your local Westinghouse-Sturtevant office, or write Westinghouse Electric Corporation, Sturtevant Division, Hyde Park, Boston 36, Massachusetts.

YOU CAN BE SURE...IF ITS
Westinghouse

J-80242



Sturtevant fans keep furnace exteriors cool, prevent refractory brick from disintegrating.



Tiny fibers of glass are formed into Fiberglas mat by air, put to work with Sturtevant fans.



Heavy-duty fans drive air at high temperatures through Fiberglas mat to cure bonding agent.

BUSINESS OUTLOOK

BUSINESS WEEK
JULY 5, 1952

A

BUSINESS
WEEK
SERVICE

Business prospects at midyear are good. This may sound silly with the steel industry down and manufacturers curtailing right and left.

Admittedly, there are "ifs" and "buts." Moreover, there are storm signals in the not-too-far-distant future.

Yet, in spite of everything, the second half of 1952 will be good.

•
Consumers finally are underwriting the business boom.

Stores are maintaining pretty good gains in dollar volume over a year ago (although business still is a little spotty by departments). And unit gains are even better, due to the widespread price declines.

This is the long-awaited reversal of 1951's "oversaving." It isn't any spending splurge, though; it's just normal buying to meet current needs.

•
Personal income was reduced in June, and will be reduced in July by both direct and indirect effects of the steel strike.

This, if it went on long, would mar the business outlook.

However, Wall Street always says, "Don't sell on strike news." This axiom probably is equally applicable to business generally. Individuals are being hurt, but aggregate purchasing power won't suffer too much.

Most sales lost now will be made up later—barring a paralyzing strike.

•
Government spending will continue to rise for several months.

But that is becoming less of a prop to business than you might think. Arms outlays provide their greatest stimulus during the period when industry is getting ready—tooling and buying the raw materials.

That preparation now is pretty much an accomplished fact.

From now on, Uncle Sam's payments for goods delivered will be less important than the work that went into their production.

•
Business' own spending now is mighty close to its peak.

The big items here are new plant and equipment plus accumulation of inventory.

Industry still is investing in new plant and tools at a record rate. But actual construction passed its peak some time ago; the high point in purchases of equipment cannot be far off (page 29).

And inventory accumulation no longer is a big factor in the boom.

•
You've heard a lot of talk about inventory liquidation, but the results aren't very conspicuous at the manufacturing level.

Makers of durable goods (including most arms contractors) now hold inventory valued at about \$23½-billion. The rise has been only \$800-million in 1952 to date. But today's total is about \$5-billion above this time last year, and compares with \$14¼-billion before Korea.

Manufacturers of soft goods have reduced their inventories by \$600-million since last September—but the total still is \$19.1-billion.

•
Retailers and wholesalers are the people who have pulled down inventories. Their stocks are off \$3-billion from the peak. This, along with smaller orders placed with manufacturers, explains price weakness.

•
Unfilled orders on the books of nondurable-goods manufacturers have

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
JULY 5, 1952

declined until they can't possibly go any direction but up. Before Korea, these factories had \$3.9-billion as a backlog. Within nine months, the figure had soared to \$7.75-billion. Now it is under \$3.4-billion—or 12½% less than in June of 1950.

Retail sales of nondurables, in the same period, are up nearly 20%.

Manufacturers of durable goods are the ones who have piled up the unfilled orders. Their backlog was just under \$20-billion before Korea; now, two years later, it is above \$60-billion.

There you can see the piled-up contracts for military goods.

Prices, on the average, probably will reach their low very soon.

Retail sales volume calls for some increase in inventory. This, in turn, will boost manufacturers' sales and unfilled orders. Finally, the supplier of raw materials will feel some improvement in demand.

But this won't be any runaway. Everybody, all along the line, can get quick delivery. There's no hurry, no need to bid up prices.

New factors that favor inflation are building up.

Congress has tied the Federal Reserve's hands by failure to renew credit control powers. Probs under farm prices are being strengthened. Price ceilings now are largely nominal. Rent ceilings and mortgage loan limits are weaker.

Pushing against this leaky roof will be higher hourly wage rates.

Fortunately, the supply of goods and services for sale is pretty ample. Short of another rush to hoard, there's enough to go round.

That, however, is a precarious balance. Many prices are pretty severely deflated. Upward pressures on prices are likely later.

Employment in July isn't due to set any new records. This month's census will be taken next week. It will find a million or more workers on strike or laid off because of steel.

General uncertainty makes it harder for teenagers to find jobs.

Thus it will be difficult to match last year's 62½-million employed. By the same token, unemployment probably will take quite a jump.

Industrial production in July undoubtedly will drop below pre-Korea levels (when the Federal Reserve index was just under 200). In fact, the Federal Reserve Board, in reporting its May index at 214, estimated that the June figure might be as low as 202.

July, in the 190-195 area, would compare with a 1952 high of 222.

But, when steel gets going again, this will be made up quickly. Before yearend, the index should easily set a new postwar peak near 230.

Businessmen will find 1953 a lot harder to prepare for than the remainder of the present year.

Sometime next year, munitions spending will level out. Perhaps even earlier, business outlays for plant and equipment will turn down. Autos and houses may be hard to sell at going prices.

Those are among the most dynamic spots in business. If steam goes out of all of them at once, the jolt could be pretty severe.



New way to beat the heat

A **THIN** layer of aluminum foil used with glass cloth protects this aircraft crash firefighter from the flaming inferno that surrounds him.

Yet he remains safely cool—largely because the aluminum foil causes heat to “bounce off.”

The exceptional ability of aluminum to reflect heat is but one of a *unique combination of advantages*, which include lightness, strength, corrosion resistance, workability, light reflectivity, economy.

These properties explain why aluminum is required in ever greater quantities for today's military and essential civilian needs. However, a vast industry-wide expansion program promises unlimited com-

mercial uses for the future.

Kaiser Aluminum alone has expanded facilities which will soon increase its production of primary aluminum 137 per cent, by far the largest percentage gain in the industry. Thus, manufacturers can plan now to take full advantage of this most versatile of all metals.

Before you select any other material, check on Kaiser Aluminum. Our engineers will gladly show you how the properties of aluminum can improve products and reduce costs.

65 Kaiser Aluminum offices and warehouse distributors in principal cities. Kaiser Aluminum & Chemical Corporation, Oakland 12, California.

Kaiser Aluminum

A major producer in a growing industry



Reflectivity means lightweight warmth! New fabrics are insulated with aluminum impregnated linings to reflect and hold body heat...give you winter warmth in a coat far lighter than you formerly needed.



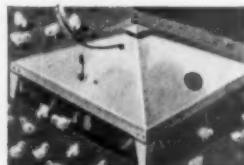
Reflectivity means more profits for farmers! Because Kaiser Aluminum Roofing reflects sun's heat, it keeps interiors cooler in summer. Thus cows and chickens produce more, crops stay fresher.



Reflectivity means more comfort! Home insulation of aluminum foil reflects heat *into* rooms during winter, keeps it *out* during summer. It's low in cost, simple to install, adds no bulk to walls!



Reflectivity means more heat! Modern heaters have aluminum reflectors to send heat into room, distribute it evenly. Result: More comfort, lower fuel bills!



Reflectivity means greater protection! Chick brooders are made of aluminum because its reflectivity assures balanced heat distribution. Light weight makes them easy to move.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
JULY 5, 1952

declined until they can't possibly go any direction but up. Before Korea, these factories had \$3.9-billion as a backlog. Within nine months, the figure had soared to \$7.75-billion. Now it is under \$3.4-billion—or 12½% less than in June of 1950.

Retail sales of nondurables, in the same period, are up nearly 20%.

Manufacturers of durable goods are the ones who have piled up the unfilled orders. Their backlog was just under \$20-billion before Korea; now, two years later, it is above \$60-billion.

There you can see the piled-up contracts for military goods.

Prices, on the average, probably will reach their low very soon.

Retail sales volume calls for some increase in inventory. This, in turn, will boost manufacturers' sales and unfilled orders. Finally, the supplier of raw materials will feel some improvement in demand.

But this won't be any runaway. Everybody, all along the line, can get quick delivery. There's no hurry, no need to bid up prices.

New factors that favor inflation are building up.

Congress has tied the Federal Reserve's hands by failure to renew credit control powers. Props under farm prices are being strengthened. Price ceilings now are largely nominal. Rent ceilings and mortgage loan limits are weaker.

Pushing against this leaky roof will be higher hourly wage rates.

Fortunately, the supply of goods and services for sale is pretty ample. Short of another rush to hoard, there's enough to go round.

That, however, is a precarious balance. Many prices are pretty severely deflated. Upward pressures on prices are likely later.

Employment in July isn't due to set any new records. This month's census will be taken next week. It will find a million or more workers on strike or laid off because of steel.

General uncertainty makes it harder for teenagers to find jobs.

Thus it will be difficult to match last year's 62½-million employed. By the same token, unemployment probably will take quite a jump.

Industrial production in July undoubtedly will drop below pre-Korea levels (when the Federal Reserve index was just under 200). In fact, the Federal Reserve Board, in reporting its May index at 214, estimated that the June figure might be as low as 202.

July, in the 190-195 area, would compare with a 1952 high of 222.

But, when steel gets going again, this will be made up quickly. Before yearend, the index should easily set a new postwar peak near 230.

Businessmen will find 1953 a lot harder to prepare for than the remainder of the present year.

Sometime next year, munitions spending will level out. Perhaps even earlier, business outlays for plant and equipment will turn down. Autos and houses may be hard to sell at going prices.

Those are among the most dynamic spots in business. If steam goes out of all of them at once, the jolt could be pretty severe.



New way to beat the heat

A THIN layer of aluminum foil used with glass cloth protects this aircraft crash fireman from the flaming inferno that surrounds him.

Yet he remains safely cool—largely because the aluminum foil causes heat to "bounce off."

The exceptional ability of aluminum to reflect heat is but one of a *unique combination of advantages*, which include lightness, strength, corrosion resistance, workability, light reflectivity, economy.

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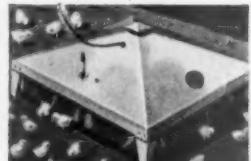
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*chosen by these famous enterprises
to improve record-keeping efficiency*

BURROUGHS Microfilming assures maximum savings on film and labor costs—notable economies that only the most modern microfilming equipment can provide. And it eliminates rental costs. That's why these leading enterprises, and many others, are turning to Burroughs Microfilming for improved record-keeping efficiency, positive record protection, and important space savings. Modern Bell & Howell equipment—sold and serviced by Burroughs—is easy to operate, amazingly fast . . . designed for high production at low cost. Call your Burroughs man today! Burroughs Adding Machine Company, Detroit 32, Michigan.



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Burroughs Microfilming is used by Mutual Benefit Life Insurance Company to assure protection for essential records relating to individual policies and claims being settled for income, as well as for the records of the company's investments. In addition, important space savings have resulted from this program and the reduction in bulk of the microfilmed records greatly simplifies the problem of safe storage.



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Formulas, chemical and hardening processes, drawings and production records are among the documents Gillette is putting on Burroughs Microfilm to assure security and to save space. Other vital documents being microfilmed are cash, insurance, financial and legal records. This comprehensive program makes use of the photographic accuracy and clarity of microfilmed records and their immediate availability for reference.



LaSALLE EXTENSION UNIVERSITY

Correspondence covering its 1,280,000 current student records is compactly filed for ready reference on microfilm at LaSalle Extension University. LaSalle also uses Burroughs Microfilming to record all student activity cards, checks, cash receipts slips, library cards, payroll records, invoices and shipping orders. Record protection, filing efficiency and important space savings are among the benefits obtained from this equipment.



NATIONAL GYPSUM COMPANY

Burroughs Microfilming serves a twofold purpose at the National Gypsum Company, manufacturer of building products. Use of this modern equipment has resulted in a combined record-security and space saving program at minimum cost. Microfilm records are much easier to protect, and approximately 199 out of every 200 cubic feet of space formerly used to store the original records has been saved.



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What this name means

Diversified experience...

Over the entire range of industrial control needs, from huge ore unloaders to the smallest motor drives, Cutler-Hammer performance shows clearly the benefits gleaned from 60 years of experience in all industries.



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In industry after industry, Cutler-Hammer Control is preferred because Cutler-Hammer engineering leads with advanced control techniques and devices that save users time, vital manpower and scarce materials.



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Comparison of performance built the Cutler-Hammer reputation for dependability. On "killer" jobs like oil well pumping where most control simply cannot cope with the dust and heat, C-H is the outstanding choice.

With the ever wider use of electric motors has come a most logical trend toward the purchase of motor control by brand name. And more and more the name specified has been Cutler-Hammer. This is also most logical as no other name in motor control means so much.

For sixty years Cutler-Hammer engineers have worked with the technical men of all industries on the specialized needs in motor control. In industry after industry they have been in the forefront of progress devising new control methods and equipment to do

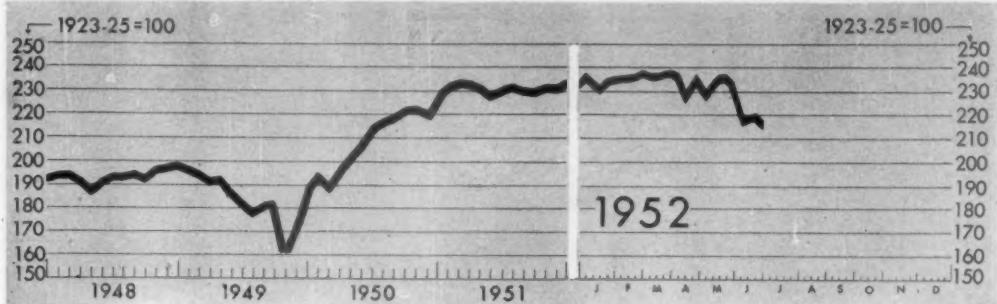
Cutler-Hammer general purpose motor control is recommended by a majority of all electric motor manufacturers, is featured as standard equipment by machinery builders, is carried in stock by recognized electrical wholesalers everywhere.

things better, faster and at lower cost. Forever creating to only one standard, they made the name Cutler-Hammer synonymous with dependability wherever motor control is used.

What this name means when you specify Cutler-Hammer in buying motor control is more for your money . . . better performance and longer life at no extra cost. You too should insist on the genuine and refuse all substitutes. CUTLER-HAMMER, Inc., 1275 St. Paul Avenue, Milwaukee 1, Wisconsin. Associate: Canadian Cutler-Hammer, Ltd., Toronto.



FIGURES OF THE WEEK



Business Week Index (above)

Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
*218.3	†220.4	234.5	234.0	173.1

PRODUCTION

Steel ingot production (thousands of tons)	256	†246	804	2,015	1,281
Production of automobiles and trucks	125,365	†129,317	104,892	156,105	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$49,476	\$49,594	\$45,925	\$47,321	\$17,083
Electric power output (millions kilowatt-hours)	7,318	7,254	6,811	6,898	4,238
Crude oil and condensate production (daily av., thousands of bbls.)	N.A.	6,155	N.A.	6,181	4,751
Bituminous coal production (daily average, thousands of tons)	1,306	†1,208	1,492	1,817	1,745

TRADE

Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars)	65	65	74	78	82
Carloadings: all other (daily av., thousands of cars)	42	40	53	61	53
Department store sales (change from same week of preceding year)	+6%	+9%	+5%	+7%	+30%
Business failures (Dun and Bradstreet, number)	163	151	136	188	217

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)	435.5	434.6	434.7	485.4	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100)	269.1	269.1	271.4	329.0	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100)	349.4	347.2	346.8	363.6	274.7
Finished steel composite (Iron Age, lb.)	4.131¢	4.131¢	4.131¢	4.131¢	2.680¢
Scrap steel composite (Iron Age, ton)	\$39.17	\$39.50	\$42.00	\$43.00	\$20.27
Copper (electrolytic, Connecticut Valley, lb.)	24.500¢	24.500¢	24.500¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	\$2.22	\$2.30	\$2.43	\$2.31	\$1.97
Cotton, daily price (middling, ten designated markets, lb.)	39.84¢	40.68¢	39.80¢	45.16¢	30.56¢
Wool tops (Boston, lb.)	N.A.	\$2.05	\$2.05	N.A.	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's)	198.2	195.2	189.4	167.5	135.7
Medium grade corporate bond yield (Baa issues, Moody's)	3.50%	3.51%	3.49%	3.55%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	24-21%	24-21%	24-21%	24-21%	24-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	N.A.	53,924	52,863	49,916	††45,210
Total loans and investments, reporting member banks	N.A.	75,000	73,846	70,635	††71,147
Commercial and agricultural loans, reporting member banks	N.A.	20,776	20,530	19,220	††9,221
U.S. gov't and guaranteed obligations held, reporting member banks	N.A.	32,407	31,719	31,176	††49,200
Total federal reserve credit outstanding	23,753	24,828	23,742	23,916	23,883

MONTHLY FIGURES OF THE WEEK

Private expenditures for new construction (in millions)	June	\$1,906	\$1,807	\$1,933	\$803
Public expenditures for new construction (in millions)	June	\$1,075	\$968	\$877	\$197
Manufacturers' inventories (seasonally adjusted, in billions)	May	\$42.3	\$42.5	\$38.1	\$21.3
Consumer credit outstanding (in millions)	May	\$20,258	\$19,784	\$19,207	\$6,802
Installment credit outstanding (in millions)	May	\$13,767	\$13,320	\$12,920	\$3,025

* Preliminary, week ended June 28.

† Estimate (BW—Jul. 12 '47, p16).

N.A. Not available.

† Revised.

‡ Date for "Latest Week" on each series on request.



UP GOES PRODUCTION, DOWN GO COSTS

A touch of the finger and materials-handling magic goes to work. Often the savings made by the use of battery-electric trucks are truly amazing. In plant "A" handling costs were cut 73%; in plant "B" capacity of existing storage space was doubled; in plant "C" unloading time was reduced 77%.

Throughout industry, battery-electric trucks are helping to speed production, save time, effort, money.

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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
JULY 5, 1952



Taft vs. Eisenhower: Neither has scored a sure-thing advantage in the convention-eve maneuvering, despite all the delegate claiming. There's still time for one or the other to get the nomination locked up before the voting starts at midweek. But barring some eleventh-hour coup, politicians speculate on a showdown along these lines:

Taft's chance will come early. The first ballot will indicate how strength is divided. But the odds are that it won't be conclusive. (First-ballot support of favorite sons always scatters votes.)

The second ballot will be crucial. It will start the switching from favorite sons and lesser contenders to the main-eventers. It will show how the wind blows, and might even be decisive.

Eisenhower's chance is to hold Taft in the early rounds. If he can do it, the betting is that he will go on to win the nomination. Even Taft's managers say their man will be in trouble if there's a third vote.

So it looks like a close, quick battle between Eisenhower and Taft, with none of the other candidates making much of a showing.

An upset, a deadlock, is possible, of course. But it seems unlikely. You don't have the same kind of situation you had in the 1940 convention. Then there were three strong, unyielding factions. As Dewey and Taft killed each other off, Willkie was able to come up. This time there's no third candidate with a substantial number of votes.

Will the GOP win in November? It's no sure thing at this stage. A few months ago, the Democrats were depressed, burdened with trouble. War clouds were dark abroad. And here at home, scandal made headlines, and shortages and controls irritated the voting public. That added up to a bleak outlook at that time.

Democratic money is easy to find now. The party has shucked off some of its worries. And it figures that the Chicago convention will leave the GOP split, with the losing faction giving but token support. This may be wishful thinking. But it does show a better spirit.

The Democrats now take Stevenson for granted. His earlier reluctance is said to be gone, now that the party's chances have improved.

Truman is encouraging a Stevenson draft. White House aides say Truman considers the Illinois governor the best candidate to make an issue between the Fair Deal and Republican conservatism.

The mystery about Harriman's candidacy is clearing. The story now is that he got into the Democratic presidential contest as a buildup to run for senator in New York against Republican Ives.

Congress can claim some economy. It wound up by voting \$6-billion less than the \$85-billion Truman budgeted for this fiscal year. But inasmuch as Truman almost certainly has over-estimated spending by about that amount, the "forced economy" will do little to check spending programs.

Defense and foreign aid took the bulk of the cut. The big worry at the Pentagon was not the \$4-billion lopped out of its \$50-billion spending

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
JULY 5, 1952

program; it was the House-voted \$46-billion ceiling on cash spending. The ceiling would have forced cancellation of some outstanding defense orders. The Pentagon was successful in getting it cut out of the final bill.

New confusion on controls has been created by the extension law which Congress rushed to Truman just ahead of the June 30 deadline. Here's a quick rundown of major sections in the statute:

Material allocation was not changed in any important way. This means that the National Production Authority and the Defense Production Administration will continue metal rationing as in the past.

Rent ceilings in defense areas will continue until Apr. 30.

Ceilings in non-defense areas will come off Sept. 30. That's a month before the elections and will be a political issue.

Consumer credit curbs weren't touched. The Federal Reserve Board had already suspended them.

Home mortgage control, Regulation X, will be retained as long as new home starts stay above the rate of 1.2-million a year. If starts drop below that, the President is directed to suspend the curb.

Processed fruits and vegetables are exempt from price control. That's the biggest hole punched in price ceilings. There'll be a row over the exempt foods. They make up about 11% of living costs. So the Office of Price Stabilization won't be any more liberal than it has to with the exemption.

Changes in the Wage Stabilization Board will make trouble. The unions oppose them, and can make the board of little importance by refusing to cooperate—by walking out, as they did early in the defense effort.

The old board will die July 29. Meanwhile it can issue no new regulations. This has the unions hot. They were about to get a rule allowing productivity raises up to about 4¢ an hour.

The new board must be confirmed by the Senate. That applies to all members—labor, industry, and public. Labor doesn't like this. For it means the Senate can veto the selection of the labor leaders.

And the new board can't handle disputes. That means it can't step in and propose settlements such as the one that led to the steel strike.

Exempt from wage and salary control: farm workers, all persons earning under \$1 hourly, and employees in businesses employing no more than eight. These are mostly nonunion people—another reason the union leaders don't like the new law.

Exempt from salary control: professional engineers employed in a professional capacity, architects employed by architectural firms, and licensed accountants employed by accounting firms.

Congress in its rush to quit rammed through many bills, but left many more stranded high and dry. If you are especially interested in the fate of some piece of legislation, we will be happy to report its status for you. Address inquiries to Business Week, Washington Bureau, 1189 National Press Bldg., Washington, D. C.

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The capacity of the world's largest ball bearing plants is your assurance of the best possible production schedules.

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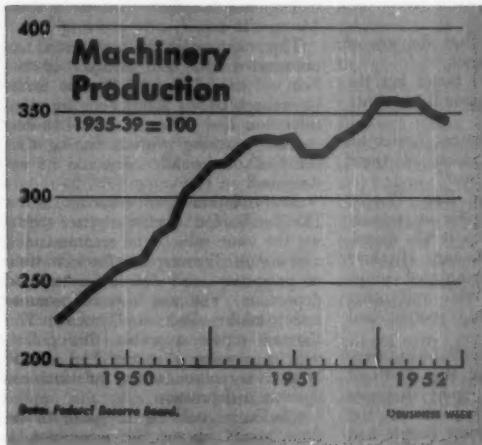
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North Side Bristol group are
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- Machinery production is leveling off—though on a high plane.
- It looks as if the peak was passed this spring. But demand will stay heavy in many lines through 1953.
- New orders aren't coming so big and fast. The backlogs, huge as they are, are being nibbled away.
- This looks like the first sign of the anticipated downturn in capital spending toward the end of this year.
- For the ordinary businessman, it's a mild warning signal. It raises the question . . .

Tooling Up: Past Its Peak?

The frenzy is going out of the nation's industrial expansion. The first signs are showing up just where you'd expect them: in the machinery industry.

By now it's clear that most of that industry has passed its post-Korea peak. The companies that turn out the equipment to boost U.S. civilian and defense production have jumped their own output at least one-third since Korea (chart above). They're not expanding so fast now, though they're still adding to the nation's industrial capacity at a rapid rate.

A leveling-off was bound to come. It arrives at this particular time because the peak of capital spending is scheduled for this fall, and machinery production runs on a lead time of three to six months.

• **Warning**—For the ordinary businessman, the easier tone in the machinery industry is a warning signal—not a very urgent one, but something that will bear watching. It foreshadows a moderate decline in the rate of capital spending toward the end of this year. And it suggests that in 1953 the U.S. economy won't have the driving force of rapidly expanding capital outlays to keep it going full blast.

What happens to general business then will depend on a lot of things. But as it looks now, the levels of out-

put and employment will depend more on the levels of consumer spending: capital expansion won't be powering the business boom in the way that it has for the past two years.

• **Diagnosis**—Here are the symptoms of how the non-electrical machinery industry has leveled off:

- A 6% drop in the backlog of unfilled orders since January.
- An 8% drop in new orders.
- A 3% increase in inventories.
- A slight drop in the industry's labor force and number of hours worked. But production stays high.

• **Exceptions**—Not every line of machinery follows this over-all pattern, of course. Agricultural and office machinery are holding their own, and construction machinery—especially the heavy stuff—is still on the upgrade.

The raw figures suggest that output of non-electrical machinery has dipped something like 2% this year. There has been a drop of about 1½% in labor force since January and about 3% in hours worked. But in some industries, such as machine tools, engines and turbines, construction and mining machinery, the number of workers is up while hours have been cut slightly. That means companies have cut out expensive overtime. Actual productivity may have gained as companies shook out production kinks.

Cuts in the number of workers were deepest in agricultural machinery, office machinery, and special industrial machinery—where materials, rather than orders, have been short. Individual companies in all three lines claim to be as prosperous as materials problems will let them.

• **When Was the Peak?**—You can't see a peak until you've started down the other side. Looking back, it is apparent that the peak for machinery in general was passed somewhere around Apr. 1.

Visibility is somewhat blurred by a temporary spurt of ordering in June. Many companies see this as nothing more than haste of the military brass to beat the end of the government's fiscal year. Contractors assume it will end as quickly as it began.

• **Machine Tools**—The tool industry does only about 6% of the business of the machinery field as a whole, yet it's a recognized indicator of what's ahead. April was the first month when shipments exceeded new orders; in May the disparity was 12%.

The industry's backlog is now at the lowest level since December, 1950. And orders are being canceled right and left. In May, cancellations amounted to 45% of new orders, according to the Machine Tool Builders Assn.

You can't write off the industry as

a fading morning-glory, though. Most companies report a definite pickup in June, partly military deadline-beating, partly retooling of appliance manufacturers (BW-Jun.28'52,p27). Just about everybody has a backlog through 1953, though the industry is worried about cancellations. One Midwest company just got the word to hold up a \$550,000 order. Delivery time for most machines is still 12 to 18 months.

Machine tool makers are reorienting their thinking. They're drawing a bead on civilian industries rather than military targets; about two out of three companies are applying to National Production Authority for permission to fill unrated (civilian) orders. They see a big market in tooling up for new consumer products and in replacement.

• **Cause for Worry**—In other machinery fields, there's a reflection of two big business worries: (1) short-range, the steel strike, and (2) longer-range, uncertainty about the future.

More programs for plant improvement are being shelved for the second reason, machinery manufacturers find. Whereas the machine tool makers, loaded with military jobs, are plagued by cancellations under the arms stretch-out, the general manufacturers are being hit by their customers' second thoughts about capital spending.

At the same time, machinery makers have improved their own plants and methods so they can deliver faster. That eats away their backlog at an alarming rate. New orders have been declining in volume since about February for many companies; a few concerns report a pickup in nonmilitary orders during May and June.

• **Cross-Section**—A look at various machinery fields shows this:

• Makers of components such as fasteners, valves, and bearings report a sharp drop in new orders, backlog well down from a year ago, deliveries speeded up. NPA officials expect a pickup after Labor Day; they say the stretchout of the defense program will support the market.

• The peak is yet to come for heavy tractors, cranes, shovels. And it will be a record year for this field. Competition is hotter as companies swing from government work to civilian sales. Confidence in home building has induced a mild boom in concrete mixers and similar machinery.

• Mining and quarry machinery is still in demand. One company reports the highest backlog in its history for mining machinery, but the pile of unfilled orders is rising more slowly now. Another company, with new orders off 25%-40% in the past two months, is still working overtime to speed deliveries. It isn't worrying. NPA officials think demand in this field will hold up for 15 to 18 months, at least.

Fed vs. Treasury

Patman report is surprisingly pro-FRB on questions of public debt and currency control.

The U.S. Treasury has the job of managing the public debt.

The Federal Reserve Board has the job of controlling the amount of money in the economy.

When debt management causes an increase in money, which of them should have the final say?

• **Splintered**—Last year, Rep. Wright Patman started looking for an answer. This week, when his report was issued, the answer was still missing. His five-man committee had splintered—sometimes three ways—on this and other major issues concerning money and the debt.

A majority of three—Patman, Sen. Ralph E. Flanders, and Rep. Richard Bolling—brought in a report that was a good deal more favorable to the Federal Reserve than most people had expected. They are satisfied to leave the debt management vs. money supply issue to be settled by the present method, which consists of discussions between the Treasury and the Fed.

• **Dissenters**—Sen. Paul Douglas, long an advocate of a stronger Federal Reserve, and Rep. Jesse Wolcott called for an end to "admonishment, cajolery, and heckling" between the two offices. Their minority report urged Congress to state clearly that the Fed is supreme on money, and must not bow to the Treasury's debt-inspired wishes.

Douglas argued that the credit of the U.S. will be strengthened in the long run if the Treasury is forced to sell its securities on the market, subject to the competition of private money raisers.

Douglas and Wolcott said the Fed's support of U.S. securities—before the "accord" of March, 1951—had "produced a serious inflation." The majority merely said that an earlier crackdown by the Fed might have moderated the inflation between the outbreak of Korea and the time of accord. It thinks a rigid anti-inflationary policy by the Fed would have done more harm than good.

• **Other Suggestions**—The report contained a number of recommendations that Douglas and Wolcott brushed off as unimportant compared to inflation control.

The committee wants to put all banks under the same reserve regulations now in effect for members of the Federal Reserve system. It also wants all banks to have equal access to loans

from Federal Reserve banks. A proposal to grant the Fed additional authority to change reserve requirements was approved. (The amount by which the Fed can raise reserves is now limited.)

The committee wants to cut the number of FRB governors from seven to five, and to reduce their terms from 14 years to six.

The majority of the committee recommended that the budgets of the Fed and the 12 Federal Reserve banks be submitted to Congress "for consideration and action." Sen. Flanders entered a strong protest, fearing that the Fed's independence would be endangered.

• **Anti-Inflation**—Two years ago, when Douglas headed a subcommittee studying the same subject, he recommended a policy of Treasury surpluses in time of prosperity, and deficits in time of depression. The aim was to promote price stability and employment. The Patman report approves this policy, with a warning that the Fed should be cautious in countering inflation, lest it cause a depression.

Obviously, nothing is going to be done about any of the recommendations at this session. Indeed, since there isn't any great urgency, the next Congress may not be in a hurry to act either. Still, the recommendations have the effect of strengthening the Fed's hand.

New Source of Synthetic Blood Production

One of the big medical needs of both the armed forces and the Civil Defense Administration is synthetic blood plasma (BW-Jun.21'52,p126). The trouble is that the only synthetic plasma approved so far by Food & Drug Administration is dextran—and so far it has been possible to make it only in small quantities.

• **New Plant**—This week Commercial Solvents Corp. announced that it has helped to overcome this lack. It placed in continuous operation a new plant which will produce over 1-million pints of dextran a year.

Commercial Solvents has been the biggest producer of dextran, which it has trade-named Expandex, even on a pilot-plant basis. It has had the biggest contracts from the government, is 11 months behind in its orders. The importance of having a synthetic blood plasma lies in the simple mathematical fact that there just isn't enough plasma around to treat both civilian and military casualties in any great catastrophe. Whole blood cannot be stockpiled, and the amount of plasma which can be stored is far too small.

New Fracas in Chemicals

St. Louis company slaps a \$1-million conspiracy suit on Dow-Corning. It holds a patent on the application of silicones to water repellents for masonry.

The chemical industry is getting the kind of growing pains that a fast-growing, diversifying industry can expect. In particular, the rush to develop and market new products is leading to frases, patent snarls, and occasional court action.

The chemical soil conditioners were a prime example. Monsanto happily announced development of its Krilium, and has been battling swarms of competitors ever since (BW-Jun.7'52, p38).

Now the silicone water repellents for above-ground masonry are getting into the same brand of trouble.

Wurdack Chemical Co., a small St. Louis outfit, holds a patent for the application of silicones to water repelling. Wurdack has already slapped a \$1-million suit plus triple damages on Dow-Corning Corp., charging conspiracy to breach the patent. Dow-Corning—a giant offspring of Dow Chemical & Corning Glass—is one of three companies selling silicones to other concerns, which then merchandise them as water repellents.

Defense—Dow-Corning claims that Wurdack has no case. It is so sure of itself that it is inviting its customers to go on selling the water repellents; Dow-Corning will defend any patent suits that may arise.

So far, Wurdack has brought only one suit for breach, asking \$50,000 damages from Ranetite Mfg. Co. of St. Louis. This is a companion piece to the \$1-million conspiracy charge naming both Dow-Corning and Ranetite.

Painted on—The silicone water repellents are largely a postwar development. They can be painted directly on brick or other masonry walls to keep out water, which would otherwise weaken the mortar. They can be used on both new construction and existing walls.

The silicones themselves are produced by Dow-Corning, General Electric, and Linde Air Products Co. Walter Wurdack, owner of the company bearing his name, says he applied in 1947 for a patent on the use of silicones as a water repellent. This was granted late last year.

In the meanwhile, various companies began buying silicones from the major producers, and using them as a base for water repellents. Wurdack says he notified these competitors of the application for a patent. He also claims to

have spent \$250,000 on research and promotion of this use for silicones. Competitors, he charges, are just riding free on this investment. He says that the suits against Ranetite and Dow-Corning are merely the first of many that will follow.

• GE Variation—Where Dow-Corning is challenging Wurdack to battle, General Electric is trying a smoother course. GE has varied the product somewhat, developing a silicone soluble in water, instead of in chemicals like the Wurdack type. It believes that this puts its product outside the bounds of the patent.

Wurdack himself says that he has no quarrel with GE at all. But he asserts that his patent covers all silicone water repellents, and threatens to sue any customers of GE who may invade what he

considers to be his exclusive preserve.

It is Dow-Corning, obviously, that has Wurdack's hackles up. He says that he is perfectly willing to license anyone to sell silicone water repellents—for a fee. "We tried to do business with Dow-Corning," he says, "but they just politely told us to go to hell." What's more, he says, Dow-Corning's offer to defend any patent suits he might bring caused a lot of new competitors to spring up.

Wurdack admits that it may be years before there's a final decision in his patent suit. Meanwhile, he's pushing sales of Crystal—the trade name of his water repellent.

• Capillary—According to the trade, there's not much problem to making this new type of masonry protection, once you have the silicone. (Wurdack used to buy his from Dow-Corning, but now he patronizes the other suppliers.) Different producers use different formulas, but the effect and the general principle of the silicone base remain the same. Essentially, the preparation changes the capillary force of masonry from one of sucking in water to one of repelling it.



The Patton 48: A Batch of Firsts in Tanks

The first completely new medium tank developed since World War II was unveiled this week when Chrysler demonstrated the 45-to-50-ton Patton 48. Mrs. George S. Patton, widow of the famous tank general, christened the model at Chrysler's new plant at Newark, Del. The ceremonies got Chrysler in ahead of Ford Motor Co. and Fisher Body Div. of General Motors which are also making the Patton 48s.

The new tank is shown undergoing rough road tests to demonstrate its enhanced maneuverability derived from wider tracks and

the latest Allison cross-drive transmission. The tank is the first of its size to have a one-piece cast hull and one-piece cast turret.

It's powered with an 810 Continental V-12 air-cooled motor. Armament consists of a 90-mm. high-velocity gun, two 50-cal. machine guns and one 30-cal. machine gun. One new feature is the 50-cal. machine gun mounted on the turret which can be loaded, aimed, and fired from inside the tank. The Patton 48 carries a crew of four men—one less than earlier models.



HEAT WAVES, wilting American males, stimulate sales of new fabrics . . .

Summer Suits Go Synthetic

Neatly encased in his closed shirt, trousers, jacket, socks and heavy shoes, the U. S. wilted collar worker today battles through July and August with the quiet desperation of a polar bear in St. Louis. Yet pitiful as he seems, he is actually a liberated beast—compared with the man of 10 years ago:

- He can now stock his wardrobe with a wider variety of summer suits—cool by his conservative standards—than ever before in history.
- He can buy the suits, at least some of them, for just about what he would have paid for a tropical-weight suit before the war—despite the near doubling of most prices since then.

Depending on his taste, his wife's taste, and his pocketbook, the American male this summer may find himself draped in a suit of tropical worsted, of rayon-acetate blend, rayon-acetate-nylon blend, mohair or mohair blend, or all silk. He may emerge in a cord suit, which can be all cotton, or a blend of rayon and nylon.

If he is something of a traditionalist, he may choose linen, a linen type, or a worsted gabardine. If he is fired with

adventure, he may plunge into one of the newer synthetic fabrics: all Dacron; Dacron blended with wool or with rayon and acetate; Orlon blended with rayon and acetate; or the very latest, Orlon and cotton (it washes, but supposedly doesn't need ironing).

The prices he pays for this hot-weather plumage may run anywhere from \$23.50, if he settles for cotton, to \$150 if he demands certain silks. On the whole, though, he can satisfy most of his cravings within a spread of \$30 to \$60. Never has he been able to pick and choose from so much for so little.

• **Synthetics**—This new era in summer suits is the product of one thing alone: synthetic fabrics. Man-made fibers have not only changed the look of clothing racks, but have reached out to touch a whole new group of customers.

In 1946, U. S. clothing manufacturers cut a shade more than 3-million summerweight suits. All but about 80,000 of these were worsteds; nonwool suits—mainly rayons—made up only 2.6% of the total.

In 1950, synthetics had scored such phenomenal gains that the nonwools

split the market apart with worsteds. In 1951—the turning year—the nonwools pulled ahead. Out of a total of 4.3-million summerweight cuttings, the synthetics and others accounted for about 65%; suits of 50%-or-more wool made up what was left.

• **Continued**—This season—which is the first cheering note in more than a year of textile despair—seems likely to show more of the same: nonwools gaining, worsteds continuing to shrink. In terms of total volume, however, this summer probably won't be so big as it might have been.

The reason is this: Cuttings dropped off substantially last winter—the product of bleak forecasts for this summer and a sizable carryover of inventory from last season. In November through March—when the apparel trade does most of its summerweight work—cuttings were down approximately 26.5% from a year ago.

Thus, when sales of men's suits stayed sweet after Easter, the trade was only half ready. Today many stores are cleaned out of their best patterns and fabrics; replacements aren't to be had. Nobody figured on sales being so good.

• **This Year**—Estimating just how the market will break down this year amounts, at the moment, to educated guesswork. Privately, though, industry experts feel the standings will be something like this:

Worsted will take somewhere in the neighborhood of 30% of the total, a slide from last year's 35%; all synthetics, the older synthetic-wool blends, and synthetics-mohair-wool blends will have about 60%; about 5% will go to the much-publicized Dacron and Dacron blends with rayon and nylon; silk, riding the wings of a high-priced vogue, cotton, linen, and all mohair will have the rest.

• **Next Year**—From all signs now, next year will show an even heavier push behind the synthetics. There is still a gaping space between the number of regular-weight suits cut each year—18-million to 23-million—and the number of summerweights—4-million to 4.5-million. Apparel manufacturers, stressing the new, low cost of presentable summer coolness will be trying to narrow that gap.

Thus the outlook seems to be this: Synthetics probably will continue to show gains, though smaller ones, for several years as they reach out to new buyers. Mass production of some of the new fibers—like Dacron which is still in pilot-scale output—seems to make that certain.

Worsted, however, probably won't lose much more in absolute volume and may show gains, as the market broadens (wools have moved very well this summer). There will always be a demand for worsted's uniform excellence.

Steel Strike Clamps Down Hard

● Shortages begin to bring shutdowns over a broadening area of industry.

● Autos are hit hardest, with production knocked away off at both Ford and General Motors.

● No matter when strike ends now, the toughest bite will be almost sure to come after it's all over.

This was the week that the steel strike really began to close its jaws on the U.S. economy. The metal-using industries haven't yet come to a standstill—some plants, in fact, still say they have enough steel for a week or two, or in some cases even for a month. But the real damage lies mainly with big industry; it's there that the strike has begun to tear great holes in the economy.

● **Autos Braked**—Hardest hit of the big industries is autos. In Detroit, three of four Lincoln-Mercury plants shut down this week. The Buick Division of General Motors cut back to a seven-hour week. Studebaker shut down tight. Chevrolet expected that by week's end, half of its 72,000 total employees would be idle.

This kind of breakdown in production is spreading back all the way along the line. In Columbus, for example, several thousand workers in plants making auto parts were laid off for an indefinite period. One of these was the Ternstedt Division of General Motors, which gave a week's layoff to 2,000 of its 3,300 employees because of the strike. Ford Motor Co. closed both its Cleveland plants, while Fisher Body and the Cleveland Chevrolet parts plant began gradually slowing down. Similar slowdowns and layoffs occurred in auto parts plants from Framingham, Mass., to Birmingham, Ala.

● **Others, Too** — Manufacturers of other products have been affected less universally to date, but none-the-less thoroughly. For example: Thor Corp. in Chicago had to shut down all its washing-machine production departments last week. Caterpillar Tractor Co. announced that it would go on a three-day work week at Peoria beginning July 21, when the company ends the vacation period that begins July 4.

Farther back along the line, you get a feeling of even greater desperation. In Atlanta, one big construction steel fabricator had an inventory in better shape than anyone else in the South when the strike began. Now even he can see the handwriting on the wall. He said this week: "So far we have been able to supply a minimum of customers. We think we can continue to get by

on that basis for about another two weeks. Then we'll have to start laying off our help at the rate of about 10% a week."

● **It Won't be Long**—Meanwhile, the strike paralysis has begun to spread through the body of the economy, to affect other areas indirectly. Railroads, for example, have really begun to feel the effects. In the southeastern U.S., a count this week showed 1,550 freight cars tied up. This, in turn, has caused the operational shutdown of 51 switch engines and 16 road trains just in that area.

● **At the Source**—Up in the Great Lakes area, the full impact of the strike falls on Duluth and the Iron Range. On the Range, between 16,000 and 18,000 miners are out on strike. That has meant that the mines aren't operating, and there is thus no ore for the railroads to haul to the ports.

This means idleness for about 3,500 rail workers and several thousand more dock workers and seamen. Over 50 huge lake carriers stand motionless at

the docks at Duluth-Superior, and many of the crews have been laid off. So far, the steel strike has put iron-ore shipments from Lake Superior mines over 7-million tons behind last year. It has virtually destroyed chances of the production of the hoped-for 100-million tons this year.

● **Settlement Outlook**—So far, there have been few hopeful signs that the strike is about to end. True, a raft of small companies have given in, signed with the union. But most observers feel that this will have no real effect on ending the strike right away.

Some of the small mills which have given in have signed with independent unions, anyway. Weirton Steel Co., one of them, granted a pay hike which is roughly the size of the increase sought by the striking CIO steelworkers. Thus the chances appear to be in favor of other companies following suit.

● **Price Request**—The Weirton agreement led the company to ask the government to authorize a steel price increase of \$5.50 a ton to cover the wage rise. That is a good indication that \$5.50 will be the price increase that the rest of the steel companies will apply for when the strike ends.

But even when the strike does end, you can be sure that it will be a period of several weeks, at least, before production of items dependent on steel gets back to anything approaching normal. It will take at least that long to fill up the supply pipelines that are now being stripped.



First Rocket-Armed Interceptor

The Lockheed F-94C Starfire (above) is the newest U.S. Air Force jet-powered interceptor, the first to be armed exclusively with rockets. Its pilot needs to guide the plane

only on takeoffs, approaches, and landings. An electronic brain tracks the target, aims the plane, and fires the 24 rockets mounted in a ring around the nose.



THE UNITED STATES First class lounge of the latest superliner is decorated with enameled panels simulating Navajo sand paintings. The ship stresses comfort and safety, shuns inflammable drapes and carpets.



CABIN CLASS is where the United States shines. Here's the lounge for the class, which is air-conditioned throughout.



FRENCH SHIPS, like British, have sharp falling off below first class. The Liberte's cabin class lounge is an example.



THE LIBERTE In contrast to the simplicity of the United States, is the elegance of the first class lounge of France's *Liberte*. French emphasize appeal to eyes and palates of their passengers.

How Big a Frog in the No. 1 Pond?

What keeps the North Atlantic most busy is floating passengers back and forth. It's the world's most traveled sea lane for people; a varying fleet of close to 40 vessels keep more or less regularly on the run. Last week, the total berths on the regular run were around 27,000.

This week, that figure changed. The S. S. United States was on its maiden voyage for Le Havre and Southampton. Its 1,966 berths and tremendous speed represented the biggest U. S. effort in generations to cut in on European supremacy and profits in transatlantic passenger service.

As the United States tore eastward—it has done 34 knots, is reputably capable of much more, is considered a sure thing to win the Atlantic Blue Ribbon—shipping men on both sides of the ocean wondered anxiously what its final impact would be on the trade.

They won't get the answer for a while. The booming tourist season means that almost anything that can float is booked solid till late summer. It's winter that should tell the tale, when thinning passenger lists and heavy

gales sort out the men from the boys on a stormy sea. Then the United States will find out whether it can compete with its chief super-liner rivals: Britain's two giant Queens, and France's *Liberte*. Not to mention the smaller, cheaper-to-operate ships which have their own faithful following.

As the latest thing afloat, the United States incorporates many new features; there's little doubt it's the safest thing afloat. The Navy, which drew \$25-million worth of cards in its design, saw to that. Here's how the United States shapes up in other competitive features:

Luxury. Heavy stress on safety means that the United States lacks some of the furnishings that make up the magnificence of the Queens and the elegance of the *Liberte*. It's fireproof to the point of fanaticism; not even the orchestra leader's baton and the sets of checkers are of wood. But the newcomer, decorated on American themes, offers a charm of its own.

Comfort. In first class, the United States' 888 berths are about on a par with its rivals. But the European ships

lag well behind in the comfort of cabin class and tourist class, where the United States has 524 and 544 berths respectively. The American ship is air-conditioned throughout, a big break for inside cabins in hot weather. And as a lure for the queasy, it is said to ride easily and with little vibration, even at very high speed.

Speed. The United States is expected to make a round-trip crossing in about 11 days, with two such trips a month. Its record speed is likely to be a big lure for passengers, especially for Americans who love record breakers per se. But lacking a sister ship, it won't be able to operate on as regular a schedule as the Queens. Just how it will fit in between the much greater speed of planes, and the relaxed charm of smaller and slower ships is one of the imponderables.

Service. The U. S. Lines have made a massive effort to overcome the traditional belief that service is always better on European liners. The specially recruited steward corps of the United States was given a full month's training course.

What the Stockholder Looks Like

For the first time, the shareholders of public corporations have been counted and classified.

According to Webster, a capitalist is one who has capital invested. Under that definition, about 6½-million capitalists underwrite the publicly owned corporations that do business in the U.S.

In a study published this week, the Brookings Institution, retained by the N. Y. Stock Exchange, has put the stockholders under the microscope. The study involved the cooperation of stock and curb exchange members, banks, and investment company associations. International Business Machines Corp. ran statistics from 258,000 tabulating cards.

For the first time since corporations have been doing business in the U.S., American business can now tell what kind of people its owners are.

• **Enigma**—Until now, the stockholder has been a sort of economic mystery man. Nobody even knew how many owners the corporations really had. Guesses ran from 5-million to as many as 20-million. The Federal Reserve Board's annual survey of consumer finances had taken some of the air out of these figures, but most Wall Streeters would have bet that there were at least 10-million security owners. Nobody could even guess what the "shareholders" were like.

Brookings' study delves into the sex, age, geographical location, education, and economic characteristics of holders of corporate shares. Most of the information dug up has never before been presented. It explodes some popular myths—for instance, women, who were thought to own a majority of the stock, really own fewer shares than men.

• **Highlights**—Here are some of the most significant findings of the report:

- About 6,490,000 individuals own shares in publicly owned corporations. The total number of shares is a shade under 5-billion, and the average stockholder holds about four different issues of stock.

- Nine-and-one-half percent of all families hold stock in at least one public corporation.

- Slightly more men own stocks than women, and men have larger holdings than women. Each male stockholder averages about 160 shares of each separate issue of stock. Women's shareholdings run to 115 shares.

- Over half the shareholders are over 50 years of age. Those 60 years or older account for around one-quarter of the total number of owners.

The fact that women live longer than men gives women the edge in the

over-60 age group. There are 20% more women stockholders over 60 years old than there are men.

• **Education**—As you might expect, educational level has a lot to do with who buys stock. About 18% of college graduates own stock, compared with only 3% of adults who have an eighth-grade education or less. Numerically, though, the 3% adds up impressively—adults with eighth-grade education or less occur more than five times as frequently in the population as college graduates do. The less educated group amounts, in fact, to one-fifth of the total number of shareholders.

• **Income**—If there's any "typical" stockholder, his annual income would fall between \$5,000 and \$10,000. That's where about 44% of all shareholders fit in the economic scale. Only 22% are in families with earnings in excess of \$10,000 a year.

A surprising number of shareholders—280,000, or about 4%—have family incomes of less than \$2,000.

• **Who Owns?**—Housewives make up the largest stockholding group by oc-

cupation—one-third of the total. Supervisory officials come next, and clerical workers run a close third. Farmers are far down the list, with only 410,000 shareholders. That's less than 7% of the farm population.

Two-thirds of all stockholders live in metropolitan areas. Percentage-wise, the best chance of selling stock is in cities between 25,000 and 100,000 population. These cities have less than 10% of the U.S. families, but 13% of the residents own stock. That's two-thirds better than the rural areas, and the big cities don't rank far above the farm communities.

Large families are less likely to own stock than small families. There's only one chance in 38 that a family of more than six members will hold stock; for family units of one member, the probability rises to one chance in eight.

• **Why They Buy**—The Brookings study even quizzed stockholders about why they bought their shares. Though stock is often recommended as an inflation hedge, only 1% gave that as the primary reason for buying. The reason most often cited was the desire for a capital gain; next came the desire for dividend income. The third largest group acquired stock through gift or inheritance.



Hot Rod Engine for Farm Tractors

Last week farmers from the Dakotas and Minnesota met on a farm in Forest River, N. D., to watch a General Motors diesel-powered tractor plow 10 acres in 3 hr. 10 min. To the farmers, the demonstration was one more way to lick their manpower shortage (BW-Jun. 28 '52, p157). GM's Detroit Diesel Engine Division, which staged the show, backed into the idea of souping up farm equipment when it discovered that farmers were installing the GM Series 71

diesel engine in farm tractors—ripping out the original gasoline engine and putting in the diesel, which gives them a lot more horsepower at less fuel cost. While diesel-powered tractors are not new, so far they've been used largely in crawler-type tractors. Detroit Diesel, which is concentrating on wheel-tractor installations, also has its eye on a bigger deal—getting tractor manufacturers to supply the diesel as original equipment.

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production...demonstrate how.



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Kidde

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Walter Kidde & Company of Canada, Ltd.
Montreal, P. Q.

St. Lawrence seaway and power development moved a step nearer this week. The U. S. joined with Canada in applying to the International Joint Commission for formal approval of a Canadian-built dam and canals near Massena, N. Y. (BW-Jun.28'52,p31). The power phase of the project will likely be undertaken by New York State in partnership with Canada.

Gov. Dewey asked the International Joint Commission to order changes in the Gut Dam on the St. Lawrence River near Ogdensburg, N. Y., to minimize damage from the high level of Lake Ontario (BW-May10'52,p84). Chicago was refused permission to increase its diversion of water from Lake Michigan.

ICC blocked eastern railroads' plan to initiate a fee of 25¢ for each suitcase and 50¢ for each trunk handled in passenger train baggage cars. The effective date was postponed from July 1 to next Jan. 31, pending hearings.

A replica of the waterwheel at the country's first successful blast furnace, Saugus, Mass. (BW-Oct.6'51,p78), was demonstrated last week. Dedication of the restored mill is scheduled for next year.

Congress sent President Truman a bill authorizing a five-year, \$2-million study of converting sea water into fresh water (BW-Mar.1'52,p25).

Transatlantic air routes will stay much as they've been for at least seven more years. CAB renewed present Pan American and TWA routes, made TWA's certificates permanent to Rome and Paris, only shifting Nice from TWA to Pan American.

A refinery to process Williston Basin crude oil (BW-Jun.14'52,p86) at the rate of 15,000 bbl. a day is planned by Standard Oil Co. (Indiana). The company has taken options on 900 acres at Mandan, N. D., and expects to start building early next year.

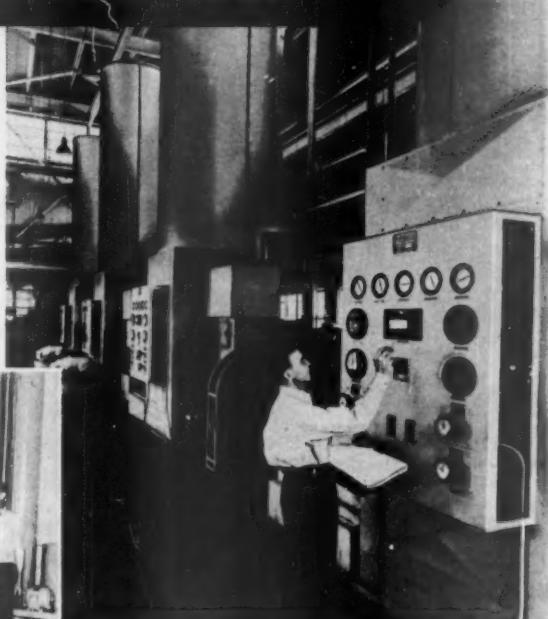
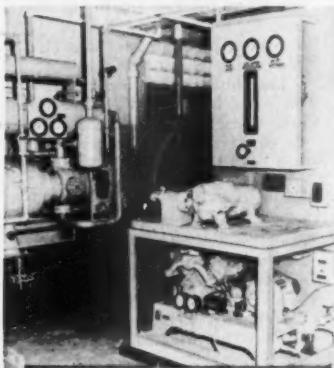
Oliver S. Powell resigned this week from the Federal Reserve board of governors to take the presidency of the Federal Reserve Bank of Minneapolis.

Aluminum from Canada was frowned upon by Congress this week. The Joint Defense Production Committee disapproved a DPA proposal to buy from 200,000 to 400,000 tons of metal from Aluminum Co. of Canada in 1954-58.

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ABOVE: Air Products Oxygen Generators in customer's plant.
Capacity, 25,000,000 cubic feet per month.

LEFT: R-Series Air Products Oxygen Generator in customer's plant.
Capacity, 500,000 cubic feet per month.

A Partial List of Users

American Chain & Cable Co., Inc.

Bethlehem Steel Co.

Thomas A. Edison, Inc.

Ford Motor Company

Granite City Steel Co.

Grafe Foundries, Inc.

Hartford Hospital

Libby-Owens-Ford Glass Co.

Pettibone Mulliken Corp.

Pittsburgh Steel Foundry

Koss-Meehan Foundries

U. S. Armed Services

Noted for economy, dependability, and ease of operation, Air Products Generators employ the most advanced cycles, according to individual requirements.

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MARKETING

The "BARNES LAW", chapter 332 of the New Jersey law of 1952, signed by Governor Alfred E. Driscoll on June 10th, effective immediately, states . . .

IT IS NOW A CRIMINAL ACT

...punishable by 3 YEARS IMPRISONMENT, a \$1000 fine, or both, for anyone to REMOVE, ALTER or CONCEAL SERIAL NUMBERS, or trade marks of TELEVISION SETS, RADIOS, WASHERS, DRYERS or other APPLIANCES and then to sell them with intent to deceive.

The War on Price Cutting

Broker, n. A middleman who knows two people: (1) a consumer who is in the market for a major appliance and (2) a dealer who has too much inventory. Since the broker works out of his hat, he can buy slightly above cost, sell below list price, and still make a profit.

trans-ship'per, n. An independent appliance and TV jobber who buys up distressed brand-name merchandise from franchised wholesalers and resells it, having removed the serial numbers to prevent the manufacturer from detecting the source of supply. His customer is a price-cutting retailer, usually in another city or state.

These two new definitions for a lexicon of marketing are symptomatic of some very deep troubles that the appliance industry is trying to fight.

In New Jersey, Gov. Alfred E. Driscoll has just signed an act aimed at running the transshippers out of business. The Barnes law was urged on the state by a Newark distributor of RCA equipment, Krich-New Jersey, Inc. It sets fines of \$1,000 or three years in jail for anyone who "removes, defaces, alters, changes, destroys, covers, or obliterates any trademark, distinguishing or identification number, serial number or mark" from any appliance. It also requires any retailer who comes into possession of such defaced goods to

report to the police how he got them.

• **No Panacea**—If this law holds up in the courts, it may ruin a thriving new business—at least as far as New Jersey is concerned. But it won't have much effect in, say, New York City, where several transshippers have made a pile of money with their big, efficient operations.

Nor will it do much towards eliminating all the other ways to cut prices.

Take the so-called broker, who has also arisen out of the troubled conditions within the trade. Here is a report from BUSINESS WEEK's correspondent in Cleveland, where brokers are operating with particular energy:

"As more and more retail dealers found their stores filling up with unsold items, more and more brokers or peddlers made their appearance, working door to door or through organizations.

"Today the broker offers for \$325 an item that is advertised at \$400. To make the sale, he is even willing to shade that price to \$310.

"He then approaches a dealer he knows to be doing not too well and offers the retailer a top of \$295 for the item that cost the retailer about \$270. The broker makes between \$15 and \$25 on such a deal; the retailer does little better than break even because of overhead.

"Where the broker is a hustler and makes 15 or more unit sales a month—and many do that—some hard-pressed

retailers will sell for as little as \$10 profit. They figure the \$150 or so they get this way as all clear, since the brokers seldom operate in the retailer's neighborhood."

• **Dragging Feet**—The conditions that opened the doors to these two types of middlemen—brokers and transshippers—are well known by now. The pile-up of inventories is the main factor, resulting from the consumer resistance of the past year and a half and from the market saturation in some of the older appliances (refrigerators are the classic example).

Beyond these economic factors, however, have been the policies of the appliance makers. Here are the big things that burn the trade:

Overproduction. To begin with, total industry capacity is greater than it ever was before the war. On top of this, the industry as a whole insisted on turning out goods at a high level long after the sales slump of last year began.

Franchising. The manufacturers, says the trade, have franchised all too many new stores since the war. As a result, the field is crowded. Between the 1939 and 1948 business censuses, household appliance stores shot up from 18,002 to 29,700, while retailing outlets as a whole declined somewhat. Now, of course, a shakeout in the home appliance field has begun. The trade expects a heavy increase in failures over the next few months.

Dumping. Retailers are bitter about the way that wholesalers and manufacturers have dumped appliances on their franchise holders, whether these retailers wanted them or not. Even manufacturers will admit that industry was guilty of this. Recently, William A. Biles, sales manager of the Crosley Division of AVCO Mfg. Corp. said in a speech: "Our wholesale men want to sell a lot of refrigerators. So we talk this little fellow into buying a carload of refrigerators when he should buy but a few."

Tie-in sales. This sore point is described by a retailer: "There are two hot items in my area—laundry dryers and automatic washing machines. You can get them in limited quantities, but only if you take advantage of the 'new low price' on radios, TV sets, and refrigerators."

From all this has come a complex welter of discount houses, special employer discounts arranged for by companies, "supermarkets" for appliances which live off this company business, and the entry of industrial supply houses into the business of selling appliances cut-rate through mail order.

Price-cutting is now so widespread, according to the National Appliance &

Radio Dealers Assn., it was "the No. 1 offender in the dealers' 1951 nightmare." Today, with the exception of department stores and some other outlets, everyone cuts prices.

• **And Always Was**—Though it may now be worse than ever before, this is hardly a new condition in the appliance business. Price-cutting is endemic. There's too much leeway for the dealer to play around with, just as there is in any field with big-ticket items, trade-in allowances, service, financing. On top of this is the dealer's fat margin—kept that way by the manufacturers in order to keep the smaller outlets in business.

It adds up to one thing: Appliances never were a one-price field. Neither are car-dealing and horse-trading.

Price-cutting disappeared temporarily during the war and postwar shortages but by two years ago it had returned on a big scale. One of the first signs of trouble was in the fair trade area (BW-Jul.15'50,p41). Fair trade, even before the Supreme Court crippled it in the Schwengmann case, was unable to hold the line against price-cutting.

It is very unlikely that even the return of the better business which retailers now look for (BW-Jun.27'52,p28) will do much to eliminate the current troubles in the trade; something else may.

• **One Big Line**—Under the surface, changes are beginning to work on the appliance distribution setup. As far as can be seen at this point, they seem to be pushing mostly in one direction—towards the kind of exclusive outlet familiar in autos.

One factor works strongly in this direction—the broadening of manufacturers' lines in recent years. A number now make full, or nearly full, lines. Two things lay behind this development:

• The manufacturer found that he made his real money not on the older appliances such as refrigerators, where competition is heavy, but in the newer, untried appliances (BW-Mar.15'52, p30).

• The retailer wanted new appliances that would keep him in business during the off-season when, say, ranges didn't sell (BW-Jul.21'51,p94).

This has now come around full-circle. As Retailing Daily commented in a survey of future trends in appliance retailing: "The retailer finds increasing pressure from manufacturers to reduce the number of lines he carries, with the ultimate objective of handling one full line."

• **Control**—These pressures will undoubtedly continue to increase. The growing importance of trade-ins and

\$10,000

How much more

\$100,000

cash does your

\$1,000,000

business need?

If you need substantially more cash because of higher and accelerated tax payments, slowing down in collections . . . or if you can use more working capital for expanding payrolls, to install cost-cutting equipment or for other sound reasons . . . COMMERCIAL CREDIT offers you a solution.

Continuing Arrangement

COMMERCIAL CREDIT's method is *Continuous* . . . you can plan ahead with confidence that funds will be available as long as needed, that if volume increases, more funds will be available automatically. Our cost is *Reasonable* . . . you can increase or decrease amount of money used according to your needs, never pay for more money than you actually need and use. Charge is a tax deductible expense. Our method is *Popular* . . .

last year manufacturers and wholesalers used over HALF A BILLION DOLLARS.

Funds Available in 3 to 5 Days

COMMERCIAL CREDIT's method is *Simple* . . . no interference with ownership, management, profits. Our method is *Flexible* . . . equally suited whether you need thousands or millions. Our method is *Fast* . . . no matter where you are located in the United States, funds should be available for use within 3 to 5 days after first contact.

Let us send additional facts. Determine for yourself whether COMMERCIAL CREDIT's method can contribute to your progress and profit. Wire or write nearest COMMERCIAL CREDIT Subsidiary below. Just say, "Saw your message in *Business Week*. Send me complete facts."

Capital and Surplus Over \$125,000,000

COMMERCIAL CREDIT COMPANY BALTIMORE 2, MARYLAND

COMMERCIAL FINANCING SUBSIDIARIES: Baltimore 1 • New York 17
Chicago 6 • Los Angeles 14 • San Francisco 6 . . . and other financing
offices in principal cities of the United States and Canada.



How a jackknife helped light the way for an English freighter

A Philadelphia shipyard had been commissioned to make rush emergency repairs on a British-built freighter. Orders for "same day" delivery of a wide variety of electrical materials were placed with the local Graybar office.

Even though many items were non-standard, Graybar managed to make immediate shipments of suitable components from stock. Only one item

seemed unavailable — a clear 6-watt lamp with candelabra base for navigation instrument lighting.

A telephone search finally located a spare bulb of the same type in a Wilmington, Del. laboratory. Though it proved to be red coated, the Graybar representative used his pocket knife to scrape off the coating. The "clear" bulb was installed...and the freighter put out to sea on schedule.

Obviously, a jackknife can't solve every electrical supply problem, but you can count on Graybar people to make the "extra" effort that so often makes the big difference. You'll find them well-qualified to initiate and follow through on planning and procurement of electrical supplies and equipment for any need.

Over 100 strategically-located Graybar offices and warehouses provide comprehensive distribution of more than 100,000 different electrical products. As a result, you can list on a single order *all* of the electrical materials you require for plant expansion, power transmission, transportation, communication, or construction applications.

232-27

GRAYBAR ELECTRIC CO., INC.
Executive Offices: Graybar Building, New York 17, N. Y.

Call Graybar first for...



service, together with the current irritant of price-cutting, make the industry want to get firmer control over its dealers. The tip-off comes from Crosley's sales manager, William Bles, who says:

"The greatest thing that ever happened to the automobile was the used car. Yet we approached it with great trepidation, and dealers went broke trying to handle it. . . . They were afraid of handling the servicing end. . . . Yet there was enormous profit in service. . . . We must learn how to handle the market. We must learn how to trade, how to recondition, how to take good care of our customers, and above all, how to protect our customers."

Highbrows Find...

. . . Lean pickings, so **Atlantic Monthly** and **Harper's** merge their advertising sales staffs.

The two leading general magazines which have stressed intellectual appeal in their sales pitch announced last week that they have joined forces. Starting July 1, the **Atlantic Monthly** and **Harper's Magazine** will no longer have individual advertising staffs. The sales forces will be amalgamated into a single company, **Harper-Atlantic Sales, Inc.**, owned 50-50 by the two publishers.

Spokesmen for both of the venerable publications talked cheerily of the "bright future" that the consolidation foretold. Some observers, however, felt it was a sorry omen, new evidence that an enterprise which lives on intellectual appeal has hard going in today's neon-lighted world.

Duplication—At first glance, this get-together of two old rivals seems surprising. But Richard Danielson, president of the **Atlantic Monthly Co.**, explained that their advertisers discovered the duplication of readers between the two magazines is less than 10%. Since that's the case, **Harper-Atlantic Sales** will offer packaged advertising for the two magazines at a 10% discount.

Gains—The gains, as both publications see it, are obvious to the advertiser. He will be shooting at an audience of some 330,000 readers (**Harper's** guaranteed circulation is now 145,000; **Atlantic's** guarantee of 150,000 will go up to 185,000 in November). It's a fairly uniform audience, long on income, education, and responsibility. If 10% of them see the ad twice, there's no harm done that the discount won't atone for.

From the publishers' view, the combination means they can afford the kind

of sales, promotion, and research organization neither could afford separately.

Under the former setup, the cost of selling advertising space was fantastically high because the market was so small. By joining hands, each magazine stands to gain a 13% reduction in procurement costs.

• **Question**—Despite the sound common sense of the move, there's no denying that it does raise the question: Can a general magazine of this type win out against the multitudinous competitions for leisure time?

Some observers, recalling the days of their fathers and grandfathers when Harper's was the leading publication in the nation, wonder why, when more people are staying in school longer, it has slid so far down the scale.

Donald Snyder, publisher of the Atlantic Monthly, feels that basically the intellectual interest is still there. The publications just didn't take advantage of the gains of modern packaging. In recent years, they have begun to realize they were losing some bets.

• **Brightened Up**—The old Atlantic, Snyder says, used to be "monolithic" in makeup. It assumed that a reader would begin at the beginning, stick with it through the end. Today there are too many demands on a reader's time for any such supposition to hold. He's a picker and chooser. The Atlantic has brought in some mechanical changes to help him pick and choose.

Thus, instead of throwing a 5,000 swatch of words at a customer, it keeps its articles down to four pages or less. It runs departments in locations where the reader can find them. It explains why such and such a story is significant. It has gone in for greater diversity, and has emphasized the diversity by mechanics of the makeup.

The changes began to show up in 1942; they seemed to work. The Atlantic's circulation grew 80% between March, 1945, and March, 1952, when it reached 212,000.

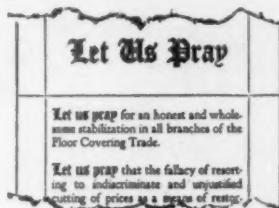
To pull in the advertising customers, the Atlantic recently tried out a new gimmick, the "advertorial." This is a paid ad in which the sponsor explains some public-interest phase of American business, as it relates to his product.

• **Same Size**—Harper's has changed its physical format, too. But though Harper's has grown, it has lagged heavily behind the Atlantic in percentage of gain. Its circulation, now between 150,000 and 155,000, is only 26.4% greater than in 1945. It may be, that the competition has hit it harder. The Atlantic has built itself a firm, if small, niche in the field of belles lettres. Harper's tends to stress political, scientific, and social issues. In those lines it is running head on into such strenuous adversaries as the Saturday Evening Post.

THE MARKETING PATTERN

TODAY'S BUSINESSMAN has a depression psychosis. At the moment it isn't bothering him. He has regained his confidence in the general state of the economy (BW-Jun.21'52,p291). But another setback in sales could start him thinking in the same old gloomy terms.

Take the advertisement recently run by the Firth Carpet Co. By the way of a prescription to nurse the ailing carpet industry back to health, Firth reprints an old ad that it ran back in the depression, in 1931:



The 1931 ad recommended stabilization, the end of "indiscriminate" price-cutting, the return of confidence, and "trade harmony."

YOU CAN SYMPATHIZE with Firth and others in the industry who have worried over a depression for the past year and a half. Conditions have been very tough in the floor covering industry for the past year and a half.

In 1951, the output of companies making up the Carpet Institute came to 61-million sq. yd. of carpet. This compares with 89-million sq. yd. in 1948, the industry's banner year, and 50-million to 55-million sq. yd. average through the 1930s.

This might well send a man's mind back to the depression. In the same week of Oct. 27, 1931, when the Firth prayer was first published, furniture prices were 65% below the 1920 peak. Gasoline dealers were scared about the return of a price war that had driven gas prices in some parts of the country down to 10 gal. for \$1. President Hoover was considering some sort of aid for the unemployed.

Evidently thinking in this context, the Firth of 1952 talks about

the "futility of cutting prices to stimulate retail trade."

THIS SAGE PRESCRIPTION sounded good in the early 1930s, when the big problem was boosting the price level. But today's economic conditions are a world apart.

Military spending is the prop under the economy. Consumer savings have hit a peacetime high. Home-building is bounding along at a fast pace—a good augury for the carpet industry.

Taking off from this base, you can argue that the trouble basically is not that carpet prices are too low now, but that they were formerly too high.

The wool carpet industry is to blame for some of its present troubles. It rode a wave of prosperity after World War II, gradually pricing itself out of the market. Wool prices rose so the industry kept hiking its prices. The fact that their profits kept rising, too, caused considerable resentment at the time (BW-Jan.21'50,p92).

But what mattered most was that the wool carpet industry's policies opened the door wide to the competition. Cotton rugs came in for the kill; hard floor coverings also made inroads.

Belatedly the wool carpet people went into synthetics and cottons. As a result, today's consumer has a wider spectrum of styles, colors, and prices to pick from than ever before. Thus, the second part of Firth's prescription—to offer new styles—is more to the point.

FIRTH'S REACTION to low prices is not unique in the industry or among businessmen as a whole . . . there's a tendency, inherited from the depression, to run to Congress or to state legislatures to exercise price-cutting by law.

Gasoline dealers want laws to stop gas price wars; druggists are pleading for a new fair trade law; now appliance distributors are trying similar methods (page 40).

But these usually turn out to be short-term gains. As soon as a price umbrella goes up, the competition starts punching holes in it—witness, for example, how the supermarkets moved in on the druggists.

MARKETING BRIEFS

BROWNHOIST BUILDS BETTER BULK MATERIALS HANDLING EQUIPMENT



For over three quarters of a century Brownhoist has engineered, designed and built boat unloaders, storage bridges, cranes and car dumpers for efficient handling of coal, ore and other bulk materials in practically every corner of the world.

Railroads, steel mills or dock operators interested in machinery for handling ore, coal or other bulk materials will find that it pays to discuss their requirements with Brownhoist engineers.

Brownhoist equipment includes unloaders, fast plants, traveling bridge cranes, Diesel and Diesel Electric locomotive cranes, clamshell buckets, car dumpers, car pushers, shipyard cranes, and related machinery.



BROWNHOIST BUILDS BETTER CRANES

INDUSTRIAL BROWNHOIST CORPORATION • BAY CITY, MICHIGAN
DISTRICT OFFICES: New York, Philadelphia, Cleveland, San Francisco, Chicago,
Canadian Brownhoist, Ltd., Montreal, Quebec • AGENCIES: Detroit, Bir-
mingham, Houston, Los Angeles.

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Outdistinguisng Calvert. This jibe at the liquor industry by the Washington (state) Temperance Assn. brought a quick protest from Calvert Distilling Co. The sign is on Highway 99 just north of Seattle. Association president Rev. Dr. L. David Cowie says his group will carry the fight to express its views clear up to the Supreme Court if necessary.

Antitrust suit against 19 publishing houses has been brought by Edwin Reid of College Book Exchange, Toledo. Reid charges the houses give his competitors discounts 3% to 10% bigger than he gets, and that, partly as a result, American News Co., Baker & Taylor, and A. C. McClure control 50% of all book distribution. Reid has operated at a loss since the mid 1940's.

Competition for Britain's high-quality shirtings, such as Vivella, comes from Wahkeena Co., subsidiary of Pendleton Woolen Mills, Portland, Ore. Pendleton thinks Wahkeena, a blend of wool and cotton, is the first U.S. attempt to give foreign fabrics of this type a run for their money.

The "hostess pint" is Kinsey Distilling Corp.'s new bottle of its Kinsey Silver blended whiskey. It's round, like the fifth bottles, not flask-shaped. People are buying more liquor by the pint, hence the new package, Kinsey explains.

Publicity triumph: The State Dept. will translate Trans World Airlines' documentary film, *Letter from a Pilot*, into 14 languages for its Campaign of Truth. The film is the story of a TWA flight from Los Angeles to New York.

Advertising that isn't quite false but isn't quite true is the next target for the Better Business Bureaus. At their annual meeting, they drew up a five-point program to set up review boards within industry to keep advertising up to standards set by business.

KELSEY-HAYES

Leads the New Car Trend to Low Pedal

POWER-BRAKING

...for right or left
foot with safer

Feather touch

Vacdralic Control

More and more car manufacturers are following the new trend to power braking that permits the use of much lower, faster-acting types of brake pedals.

Kelsey-Hayes "Vacdralic" power units, already standard equipment on over 200,000 passenger cars, provide the most advanced type of "feather-touch" control, assuring perfect "pedal feel" for safe, effortless, fast braking action by either right or left foot!

(Let Kelsey-Hayes engineers give you complete details of "Vacdralic's" superiority.)



ASSURES PROVEN PRODUCTS AT

KELSEY-HAYES
WHEEL COMPANY

DETROIT 32, MICHIGAN



PRODUCTS: Wheeling, Hub and Drum Assemblies—Brakes—Vacuum Brake Power Units—for Passenger Cars, Trucks, Buses—Electric Brakes for House Trailers and Light Commercial Trailers—Wheels, Hubs, Axles, Parts for Farm Implements.

PLANTS: Kelsey Hayes Plants in Michigan (4), McKeesport, Pa., Los Angeles, Calif., Davenport, Iowa, Windsor, Ontario, Canada.



**GUARD
FOOD SERVICE
COSTS WITH
TOLEDO
KITCHEN MACHINES!**



The same Toledo Scale precision that keeps tabs on materials throughout industrial production—today helps attain top efficiency in restaurant kitchens everywhere. Toledo Dishwashers and Food Machines of modern design and outstanding performance are available in wide range of types and capacities for all restaurant, institutional and in-plant food serving requirements.

Send for new bulletin KM7
on Guarding Food Service Costs.
Toledo Scale Company,
Toledo 1, Ohio.

TOLEDO.®

Headquarters for **SCALES** and
Restaurant **KITCHEN MACHINES**



MITERED CORNERS of sheet fit over

Fitted Sheets

Maybe because a sheet is such an utterly simple product, manufacturers and housewives took it just as it came, for generations. There seemed no way to make much improvement on an oblong swatch of muslin or percale.

Then about a dozen years ago Pacific Mills came up with an idea: a bottom sheet that fitted over the mattress like a slip cover. The result—called Contour sheet—is evidence of how the hard-pressed textile field, where so many of the products are stereotyped, can build sales with a new product. Today the fitted sheet may well be on the way to obsoleting the flat sheet.

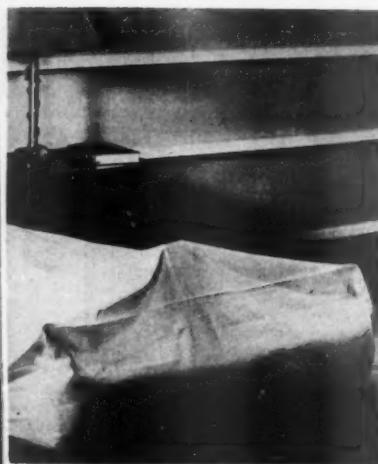
A few weeks ago Pacific Mills added a top Contour sheet to its line.

• **Mechanics**—The bottom Contour sheet has mitered corners that are sewed in. Once the mattress is tucked into it, the sheet stays snug and smooth.

The top Contour sheet has mitered corners at the bottom end only. But instead of fitting tight to the mattress, the corners of the top sheet have a six-inch slack. The bed-maker folds down the slack into a three-inch pleat. The pleat gives the sleeper good kicking space (picture).

Pacific Mills credits its Contour sheet with being the one big, steadily growing seller during the recent textile slump. The company is chary of sales figures, but gives this clue: It has quadrupled its productive capacity for Contour sheets since 1949.

• **Two Tries**—The climb was a slow one. Pacific Mills first brought out its bottom fitted sheet in 1939. The venture flopped. The company sold some several thousand dozens of Contour



mattress. During textile slump, sales of . . .

Comfort Mills

sheets, then, in 1940, took them off the market.

In 1947, Pacific Mills tried again—with a crib sheet, called Crib-Fast. The idea took hold. So, late in 1949, it reintroduced the Contour sheets for single and double beds.

The company took care to wield some heavy promotion on the advantages of the fitted sheet.

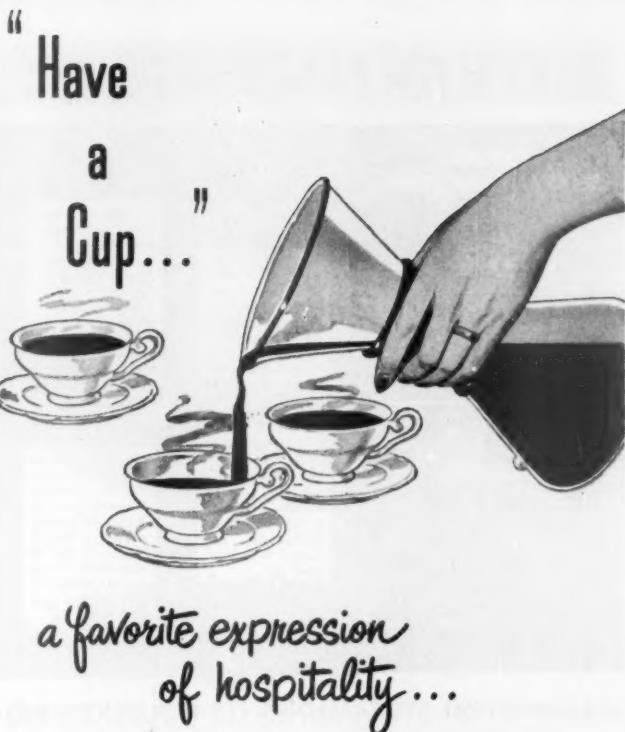
• **Big Sell**—It worked. Since the sheets were reintroduced, Pacific Mills has never been able to keep up with the orders for them. Other companies came into the field; some six or eight now make their own brands.

Industrywide sales of fitted sheets are still only an estimated 4% of the total market. But it's expected that by the end of the year, fitted sheets will have 10% to 15% of the market and that in five years they may dominate it.

Pacific Mills counts on a "substantially stepped-up" promotion to help keep sales coming. It also counts on two other factors:

- The price to retailers is the same as for flat sheets of like quality.
- The housewife can make her bed in a third of the usual time.

It's possible that the buyer may have to have a bigger supply of sheets in her linen closet. Conceivably she could get along on three flat sheets if she had to, by laundering only one at a time. But in fitted sheets she would need a minimum of four, since top and bottom sheets wouldn't be interchangeable. But these are days when the housewife values her working time more than the extra pennies she has to spend (BW-Jun.14'52,p60).



Otis, McAllister & Co. has been meeting the exacting requirements of America's world famous coffee roasters for over three generations. Last year the coffee for more than 12 billion cups of America's Favorite Beverage was selected or imported by Otis.

Sixteen affiliated offices staffed with experts who have made a career of knowing coffee provide the industry with a thorough knowledge of conditions throughout the coffee growing countries of Central and South America.

Coffee is the economic life blood of many Latin American Republics. Coffee means dollars to these countries—enables them to buy—and Otis to assist in selling many famous American products, such as: *Union Die Casting Plumbing Specialties, Trinity Portland Cements, Schlueter Household Metalware, Smoot-Holman Plumbing Ware, Crosby Chemicals, Clow-National Pressure Pipe and Fittings*, to mention a few.

OTIS, MCALLISTER & CO.

Established 1892

Importers of Selected Quality Coffees
Exporters of Leading American Products

SAN FRANCISCO • NEW YORK • NEW ORLEANS
CHICAGO • LOS ANGELES • TORONTO



GOVERNMENT

HOOVER RECOMMENDATIONS

Put through

Got nowhere

1. MILITARY UNIFICATION:
Creation of the Department of Defense placed the Army, Navy and Air Force under a single head.

2. PURCHASING:
Three independent agencies have been merged to form one purchasing and property management service, the General Services Administration.

3. THE BUDGET:
Accounting practices have been modernized and the easier-to-understand "performance" budget has been adopted.

4. BUREAU OF INTERNAL REVENUE: Tax collection has been decentralized and collectors placed under Civil Service.

1. DEPARTMENT OF AGRICULTURE:
Hoover suggested that a score of bureaus be combined into eight divisions. The Senate committee said no.

2. VETERANS ADMINISTRATION: The VA, backed by the American Legion, opposed reorganization to put its operations more in tune with business management principles.

3. CIVIL ENGINEERING: The White House was the last stop for the recommended transfer to the Interior Dept. of civil work done by Army Engineers.

4. POLITICAL PATRONAGE: President Truman submitted a plan to remove postmasters, customs officials and U.S. marshals from political patronage, but the Senate killed it.

WASHINGTON STREAMLINES ITS HOUSEKEEPING:

Reorganization: 60% Complete

The Citizens' Committee for the Hoover Report locked its doors this week. But it didn't throw the key away.

The committee got Congress to write 60% of its recommendations into law (chart, above): They will save the taxpayer around \$2-billion a year in government operations.

Early next year the group will call on the new President. If it gets any encouragement, chances are it will be in business again—hammering away for reforms that didn't get through this year.

• **Money Isn't Everything**—Leaders of the committee aren't a bit discouraged. Ex-President Hoover, chairman of the bipartisan commission that first suggested the changes in 1949, believes that the economics and reorganizations effected are the most important in U.S. history.

The biggest achievements can't be measured in dollars. The committee points to this example: Just a few weeks after fighting started in Korea, troops and equipment on the spot equaled all those used in World War II's North African campaign—which took 18 months to organize. It gives a good deal of the credit to the armed forces'

budget reorganization. The plan was not intended to save money, but to put the budget into understandable form. It's been hailed as the greatest advance in government financial operations in the last 30 years.

• **Selfish Interests**—If the committee opens shop again, it will have just one goal—to push for reforms so far rejected, either by Truman or by Congress. It's convinced that, except for these, the round of reorganization touched off by the Hoover study is over.

The reason is not just bureaucratic resistance, or love of patronage—though these played a big part in halting reorganization at the 60% mark. The Citizens' Committee discovered that some of its toughest opposition sprang from lobbies and pressure groups speaking for some segment of the public, not for the bureaucrats.

Some of this opposition came from groups with a selfish interest. They didn't want to see their government connections severed or shifted in any way. But a lot of it—and this surprised the committee the most—came from people who simply are used to doing business with the government a certain way and didn't want to be disturbed. Some of them seemed to have neither

money, reputation, nor pet projects at stake. They just objected to any change in normal procedure.

• **Yes, But . . .**—A lot of formal opposition would go along with the high purpose of a proposed reorganization plan, then object to some small part of it.

The buts sooner or later lined up practically every high-powered lobby and special-interest spokesman in Washington against some point in the recommendations.

• **Foes**—The committee, set up to lobby for the recommendations of the Hoover Commission, found itself opposed by some powerful groups: U. S. Chamber of Commerce, National Assn. of Manufacturers, American Bankers Assn., Assn. of American Railroads, CIO, AFL, Farm Bureau, National Grange, American Medical Assn., and American Legion. These are just some of the most potent of the 106 pressure groups the committee had to buck at one time or another.

The American Legion, for example, was a bitter foe on overhauling the Veterans Administration, long attacked as a prize example of inefficiency. The result was that often businessmen found themselves fighting on both

sides: Some signed checks to keep the Citizens' Committee going, then discovered they were members and supporters of organizations on the opposite side.

In this lobby free-for-all, the Citizens' Committee earned one distinction. It was the only one devoted to fighting other lobbies.

• **Unhappy Coincidence**—Two of the committee's biggest successes got by the opposition almost by accident. Some of its ideas about Reconstruction Finance Corp.—not all of them by any means—went into effect because the mink coat and free hotel room scandals had made some kind of reform gesture a political must.

Its major ideas on reorganization of the Bureau of Internal Revenue got by for the same reason. What was essentially a reorganization to improve efficiency narrowly slipped past the Senate in the name of reform.

• **The Record**—In all, however, Congress made a respectable record on Hoover recommendations. It had a staggering load of 400 bills to consider. Some of them called for long hearings and drawn-out floor fights. The bill setting up General Services Administration, for example, took six months, the Budget and Accounting Act, 16 months.

The 81st and 82nd Congresses acted on 100 bills; 46 of these became law. In addition, Congress approved 28 out of 36 reorganization plans sent in by Truman.

Generally, this is what the reorganization plans accomplished.

• In the departments: centralized authority and regrouped operating divisions in State, Interior, Labor, Post Office, Commerce, Treasury, and Justice. A similar plan for Agriculture was rejected.

• In the regulatory agencies: abolished Maritime Commission and placed Federal Maritime Board and a Federal Maritime Administration in Commerce Department. Reorganized Civil Aeronautics Board, Power Commission, Trade Commission, and Securities & Exchange Commission.

• **Half the Battle**—The committee hoped for a few more victories in the last-minute flurry of legislation this week. In the main, though, it figured its biggest victories were already won.

If the lobby is encouraged by a new President and a new Congress, this will be its target: transfer Army civil functions to Interior; reorganize Dept. of Agriculture and Veterans Administration. It figures that if these could be brought into the fold, something like 80% of the original recommendations would be won.



is YOUR cleaning equipment equal to the JOB?

Take a look at your own cleaning program! Are you trying to do a 1952 cleaning job with 1908 model equipment?

Modern, cost-reducing cleaning methods call for modern equipment. And, that's where Tornado cleaning is proving itself in thousands of plants, institutions and commercial buildings.

The powerful, rugged Tornado picks up air in excess of 300 m.p.h.—picks up

scrubbing solutions and liquids just as easily as dirt and metal chips.

You'll find Tornado always equal to your cleaning work whether it be regular wet or dry floor cleaning, overhead work in hard to reach spots, cleaning lint from electric motors and equipment or blowing dirt and debris from aisles and under stationary seats and equipment. Write for bulletin 600.



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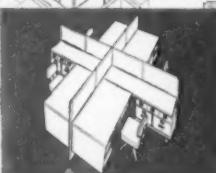
TECHNIPLAN

MODULAR
OFFICE

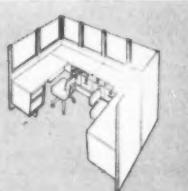


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OFFICE OF
THE NEUSTETER
COMPANY
DENVER
COLO.



Compact 4-station work group,
with partitions for individual
privacy.



Executive 2-station group, pri-
vacy with unobstructed vision
and light.

Planned Office Efficiency Simplified!

INDIVIDUAL WORK STATIONS in the original Techniplan modular design are efficiency engineered—to provide ample usable surfaces—all within the easy $\frac{1}{4}$ -turn work position.

JOBFITTED WORK FACILITIES are designed to accommodate the complete range of office work functions. Techniplan components interchange and interlock to form any desired arrangement to floor space and work flow. Readily rearranged without special tools or skill.

OFFICE PLANNING is simplified by the modular spacing, as indicated in the plan above prepared by a Globe-Wernicke dealer. Executive office privacy is available anywhere, by adding standard partitions, solid, part glass or sound barrier types.

PERFECT FIT, COMPLETE STABILITY result from the patented interlocking device, and height and leveling adjustments.

DISTINGUISHED APPEARANCE of modern, functional styling contributes to staff morale and visitor respect. Superb craftsmanship — rich, warm Walnut finish.

GET THE FACTS—use the convenient Check List request—

MORE THAN 4000 ways to better business originate with Globe-Wernicke, are sold and serviced by G/W dealers listed in your classified 'phone directory under "Office Equipment."



GLOBE-WERNICKE

Engineering Specialists in
Office Equipment, Systems,
and Visible Records



Cincinnati 12, Ohio

Pillsbury Hit . . .

... by FTC in first action
under strengthened antitrust
law. Move seeks to dissolve
two mergers.

For years the Federal Trade Commission bemoaned a loophole in the Clayton Act that prevented the Commission from effectively blocking mergers which it found to be monopolistic or injurious to competition.

In 1950, Congress plugged that loophole; FTC spent the next 18 months mulling over which of scores of mergers it would use as a test case.

Last week, Pillsbury Mills, No. 2 company in the flour milling business, was asked to prove that it shouldn't be ordered to divest itself of two companies:

Ballard & Ballard, Louisville, Ky. flour miller and maker of many prepared mixes.

Duff's Baking Mix, once a part of American Home Foods, Inc.

The Pillsbury case should give industry a test on two key points:

- How do you determine whether a merger is monopolistic or injurious to competition?

- How far can you go in pinning down the law's ban on such mergers which injure competition "in any section of the country?"

In its complaint, FTC put equal emphasis on Pillsbury's position in the industry, and on the competition in a particular section of the country between Pillsbury and the acquired firms.

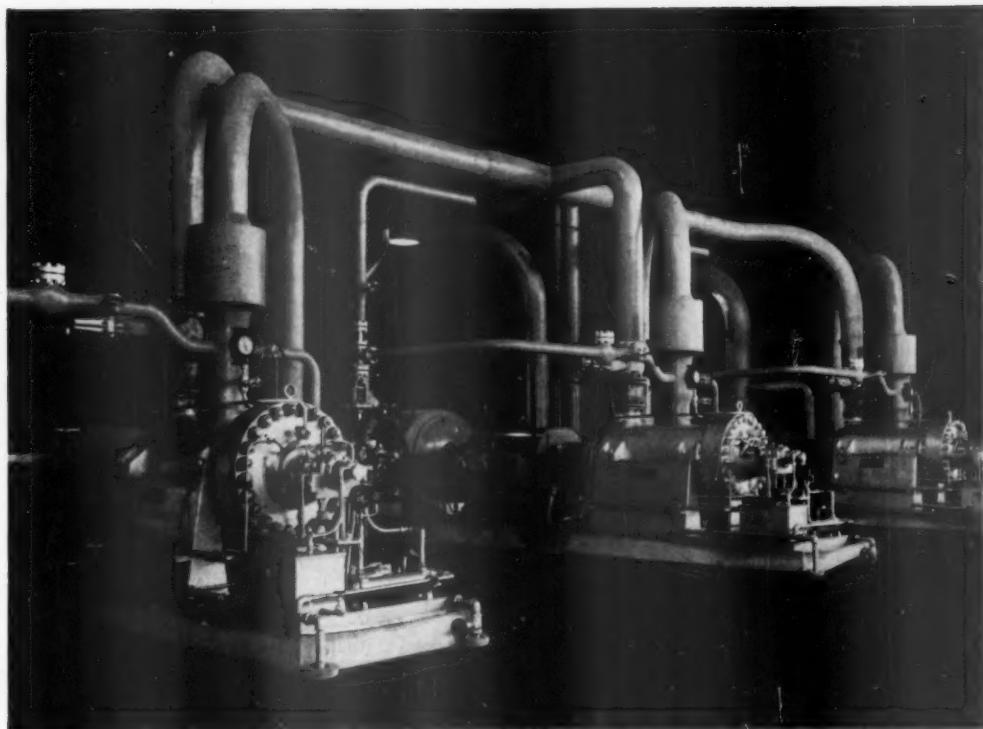
- Southeast—Pillsbury was already No. 2 company in the flour milling business when it bought the assets of Ballard & Ballard in June, 1951. B&B was doing \$50-million a year, largely in the Southeast, where it ranked third in the sale of family flour and prepared mixes.

In March of this year, Pillsbury bought Duff's Baking Mix Div. In the sale of prepared mixes, Duff was No. 4 according to FTC, and Pillsbury No. 2.

FTC traced the history of Pillsbury asserting that even before the acquisition of B&B and Duff, Pillsbury had sufficient economic power to engage in price discrimination "and it did in fact exercise and abuse such power, thereby diverting trade from its competitors to itself."

"Said acquisitions have added substantially to such power."

- Big Nine—As to the milling industry, FTC observed that "from 1945 to 1950 the aggregate capacities of the nine largest flour milling companies, including Pillsbury, grew from approximately 32.7% of total industry capacity to approximately 38.1%."



The Yates Plant of the Georgia Power Company showing piping from boiler feed pumps insulated for life with "Featherweight" 85% Magnesia. **Insulation Contractors** Armstrong Cork Co.

"HEAT WAVE" with no relief in sight—

ONCE steam is produced, "Featherweight" 85% Magnesia does the vital job of keeping it *hot*... has been known throughout industry for 60 years as an outstandingly efficient and economical insulation in all heating applications up to 600° F.

Thoroughly time-tested, and continually kept up to the minute through laboratory research to meet the increasing demands of modern industry, "Featherweight" 85% Magnesia is specified wherever exacting steam temperature control is required... in power stations and ships, in hospitals and food processing plants, in oil refineries and chemical installations.

"Featherweight" 85% magnesia is on the job!

"Featherweight" 85% Magnesia is known for its lasting durability as well as its efficient heat control. Its insulating qualities are unaffected under the alternate expansion and contraction of steam system start-ups and shut-downs.

Being entirely mineral in nature, it will not burn. "Featherweight" 85% Magnesia stays on the job for the life of the

heating system. Teamed up with K&M Hy-Temp Insulation it is efficient for temperatures up to 1900° F.

Your Keasbey & Mattison Distributor, who is an experienced applicator, will be glad to give you complete information on "Featherweight" 85% Magnesia. Or, write us direct.

Nature made Asbestos...

Keasbey & Mattison has
made it serve
mankind since 1873



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COMPANY • AMBLER • PENNSYLVANIA

In Canada: Atlas Asbestos Company, Ltd., Montreal, Toronto, Winnipeg, Vancouver

One will give you Five with ORTAC

Answer to a problem that vexes purchasing agents in many industries is shown here—a hose that will handle diverse materials as air, water, solvents, oils and gasolines. Because each of these attacks rubber differently, it has been necessary—up to now—to stock several different kinds of hose, some used only intermittently, but all necessary to handle specific jobs safely, resist hose deterioration and insure long on-the-job life.

All that's ended, now—thanks to the G.T.M.—Goodyear Technical Man. For he has proved that *one* hose can handle all five materials safely. ORTAC hose, under most operating conditions, will conduct them without threat of premature failure or costly accidents.

Ortac means "Oil-Resistant Tube And Cover." But that's only part of the story. Along with its unusually high resistance to petroleum products—the greatest enemy of rubber—ORTAC withstands solvents and all the contaminants found in air and water supply service. Its smooth bore permits fast, full flow even when partially reeled. And its high-tensile rayon cord body gives ORTAC extra strength and extra flexibility.

Who should use Ortac? The answer is—most everyone who wants a universal-type hose that can be used for many odd jobs where service conditions are not too severe. But we advise you to consult the G.T.M.—let him tell you whether ORTAC is *your* best answer, or whether you need one of Goodyear's more than 300 special types of hose designed for specific jobs. You can reach him by writing Goodyear, Akron 16, Ohio.



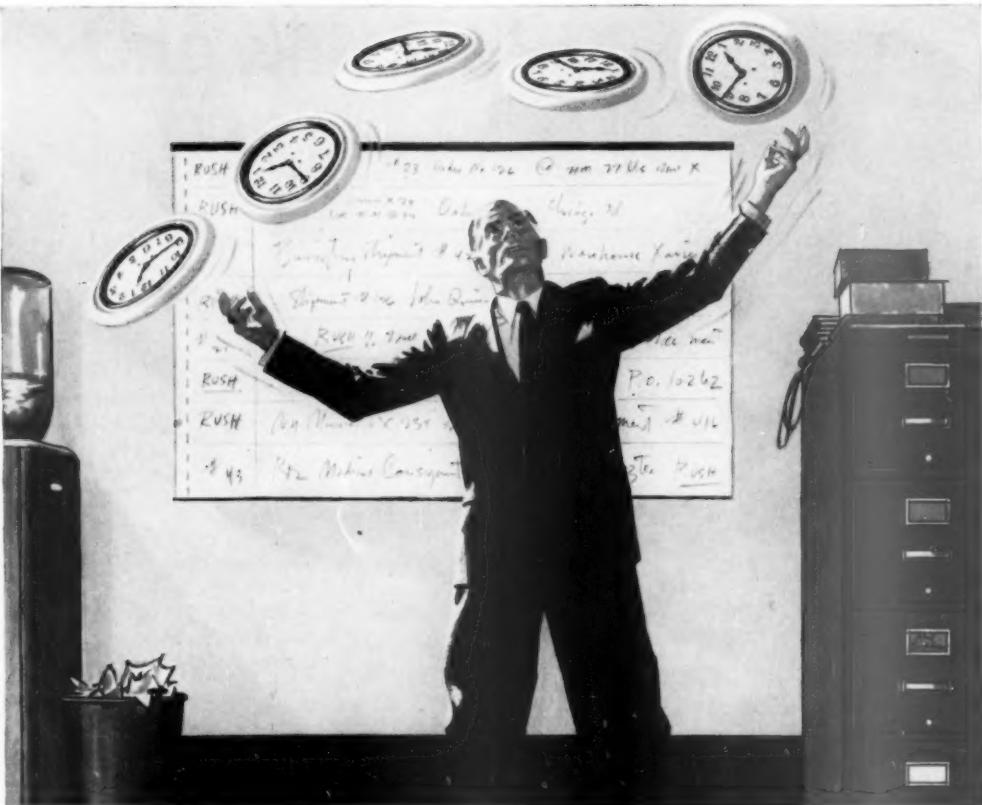
LOOK FOR YOUR GOODYEAR INDUSTRIAL RUBBER PRODUCTS DISTRIBUTOR in the yellow pages of your Telephone Directory under "Rubber Products" or "Rubber Goods." He handles Hose, Flat Belts, V-Belts, Molded Goods, Packing, Tank Lining, Rubber-Covered Rolls built to the world's highest standard of quality.

GOOD YEAR

THE GREATEST NAME IN RUBBER



Ortac-T. M. The Goodyear Tire & Rubber Company, Akron, Ohio



Stop Juggling your Production Time

Airfreight gives you extra working days for rush orders

WHAT HAPPENS to your factory when a big rush order comes in? Are you forced to juggle your production time—put aside previously scheduled jobs—pay mounting overtime charges?

Take heart in the fact that airfreight can eliminate these hurry-up headaches! Yes, through its miraculous speed of delivery, airfreight subtracts days that were once lost to crawling surface trans-

portation—and adds them to your production schedule. Thus factory "flow" can continue uninterrupted and manufacturing costs are actually held down.

Proof? Just wire us collect and we'll have an American Airlines representative in your office promptly to show you the facts and figures. He'll also explain other equally important advantages of airfreight, such as its ability to make warehouse needs obsolete. American Airlines, Cargo Sales Division, New York 17, N. Y.

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AMERICAN AIRLINES INC.



Check American First
For Every Airfreight
Problem—Here's Why

CARGO CAPACITY
American has the greatest available ton-mile capacity of any airline

HANDLING FACILITIES
American's airfreight facilities are backed by the largest personnel force of any airline

EXPERIENCE
American has been operating airfreight service longer than any other airline

COVERAGE
American directly serves more of America's leading business centers than any other airline

KNOW-HOW
American has handled more freight than any other airline

COMPANIES

Pepsi-Cola (Finally) Hits the Spot



PRESIDENT STEELE has made a lot of changes both in the company and its product, as a result has boosted sales to record high.

Two years ago the average man would have laid odds that Pepsi-Cola Co. was giving its awesome competitor, Coca-Cola, a real run for its money. Everywhere he turned his radio dial, he heard its famed singing commercial—one of the oldest and best in radio. On a clear day he could see the words "Pepsi-Cola" being spelled out overhead by skywriting planes. Surely a company spending money like that must be well off.

• **Sales Plummet**—The facts were just the reverse. In 1949, Pepsi-Cola Co. stood as close to the brink of bankruptcy as it could and still function. Sales and profits had fallen away off—mainly because the bottlers had lost confidence and had begun plugging flavored soft drinks instead of Pepsi-Cola. Net income had skidded from \$6.7-million in 1947 to \$1.6-million in 1950. Things were going down hill so fast that the company seemed headed for an inevitable crash.

• **Resurgence**—This week, a little over two years later, Pepsi-Cola can point to the fact that none of this is any longer true. The plunge into darkness has been brought to a halt; the company has begun to climb back into a firm position. In every month since March of 1950, Pepsi-Cola's sales have risen above those of the same month in the previous year. Its net last year was more than double the 1950 figure.

This change came about by design, not by accident. At its core lay a brand-new management team which had taken over early in 1950 to try to stem the tide. It has done the job well enough to pull the sales volume up to the highest in the company's history.

• **The Key**—The real key to this change is Pepsi-Cola president Alfred N. Steele (cover). In 1949, after a great deal of pondering, he accepted the job as executive vice-president of the company. He stepped up to president in March of 1951, when Walter S. Mack, who had headed the company for five years, got out. Going to Pepsi-Cola at all had been a tough decision for Steele, because he had been a top executive at its arch-rival, Coca-Cola Co. This was so close to treason that he felt he could never go back in case Pepsi-Cola should fold.

As soon as he arrived, Steele got ideas on what was wrong with Pepsi-Cola. The basis of the soft-drink business is the bottler, generally an independent operator who bottles and sells soft drinks on a franchise basis. (The



**Thanks to Stereo-Realist slides,
Aladdin salesmen can carry
75 lamps in a 40-ounce kit***

**Says C. P. EINWALTER, Sales Manager,
Lamp Division of Aladdin Industries, Inc.,
Nashville, Tennessee**

INSTEAD of lugging bulky samples from store to store, salesmen of Aladdin Industries, Inc. carry REALIST slides of the entire lamp line. Sales Manager C. P. Einwalter reports enthusiastic response, both from his salesmen and their customers.

REALIST pictures show products, people, scenes as they really are—in full, natural color and true-to-life three dimensions. REALIST sales kits of products or services in convenient carrying case and REALIST viewers are “the world’s finest visual selling aids.” Prove it to yourself. Ask your camera dealer or commercial photographer to show you some REALIST pictures. Or for catalog and full information, write DAVID WHITE COMPANY, 383 West Court Street, Milwaukee 12, Wisconsin.

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parent company supplies the concentrate, which the bottler mixes into the finished product.) “Pepsi-Cola’s previous management,” says Steele, “had failed to give the bottler the feeling that the parent company was substantial enough to know what it was doing.”

• **“Paper” Company**—How had that happened? Steele concluded that the cause lay in the fact that Pepsi-Cola never had been a really solid company to begin with. Its whole philosophy, he felt, from about 1937 especially, had been that this was little more than a stock promotion, a gamble. Its plant and equipment, says Steele, was at a bare minimum; it “didn’t have the tools of the trade” and was mainly a “paper” company.

As a result of this, bottlers finally grew so bitter that most of them wouldn’t even put Pepsi-Cola on their trucks. Added to this was the fact that the flamboyant advertising wasn’t paying off; it was so flamboyant that it made the product look like a third-rate imitation of Coca-Cola.

• **Backfire**—“Perhaps the most ironical thing of all,” says Steele, “is that the very jingle which spread Pepsi-Cola’s fame caused its downfall.” The phrase in the jingle, ‘twice as much for a nickel, too,’ gave the impression, finally, that the product must be twice as bad. The net result was to make consumers think of Pepsi-Cola as the poor man’s Coca-Cola.

So right from the start, Steele and his associates tried to reverse the public-relations effect of this. Instead of quantity, they began putting emphasis on quality. For skywriting they substituted Faye Emerson on a television program, believing that this would lend their product class. In the commercials, they made a point of having “Pepsi” brought in on silver trays to lend a formal and dignified atmosphere.

• **Physical Changes**—On top of this, the new management did a little physical redesigning. It took off the paper label, substituted a so-called applied color label, built into the glass bottle. There were two reasons for this move. First, it took away the cheapened appearance of the bottle. Second, it made it more convenient for dealers who kept the bottles in cold water. Where water had previously soaked off the paper labels and gummed up the cooling system, it now had no effect on the new labels.

Finally, the company brought out a new 8-oz. bottle. It kept the 12-oz. bottle for which it was famous, but for home consumption; the smaller bottle it put out for use by concessionaires. Said Steele: “We wanted to hit the ball parks, playgrounds, racetracks, and so on. But concessionaires have to sell peanuts and popcorn, too. They didn’t like the 12-oz. Pepsi-Cola size

because it filled up a person’s stomach so he wouldn’t buy anything to eat.”

All this has paid off in sound financial position. Pepsi-Cola’s net profit for last year had risen to \$2.6-million, this year promises to be even better. Reason: Even though sales have been climbing steadily for two years, case sales for the first six months of 1952 will be 18% above those of 1951. Today Pepsi-Cola boasts that one out of every nine-and-a-half cases of bottled soft drinks sold in the U. S. is their product.

• **No Threat**—This doesn’t mean that Pepsi-Cola presents any threat to Coca-Cola, or that it ever will. (Coca-Cola’s net income for 1950, for example, hit \$31-million.) And according to Steele, it doesn’t want to try—he says they’ll settle for a healthy second-place position in the cola field. And he thinks that that position can be a lot healthier than it is now, that the company has really just got under way in its reconstruction program.

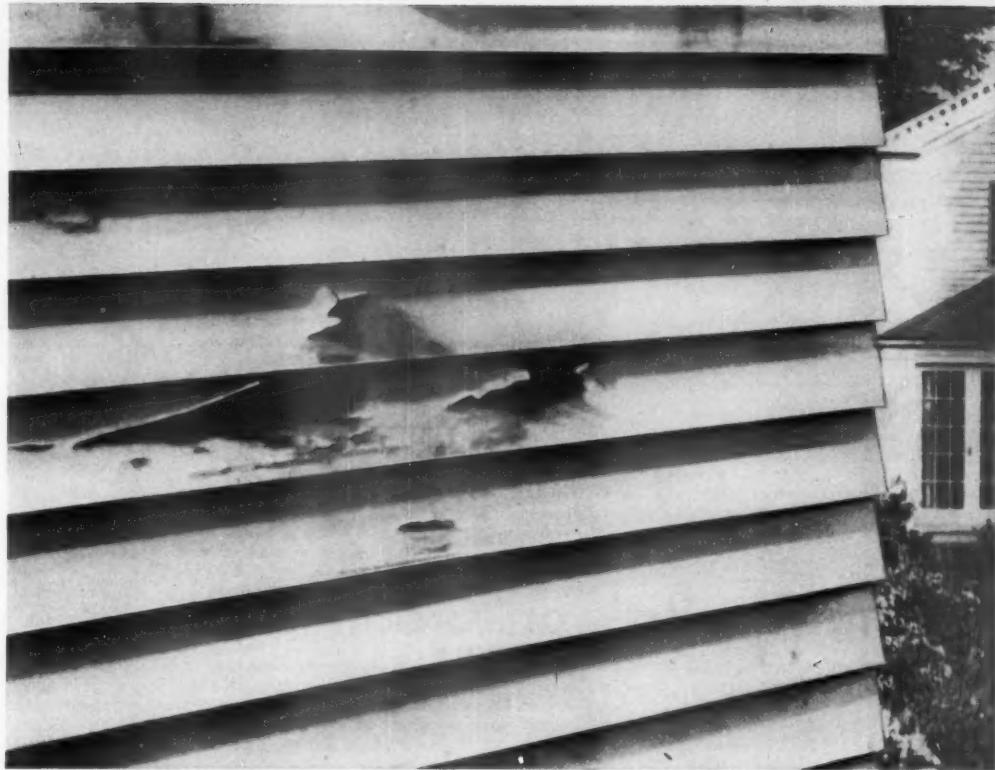
But it does show some spectacular progress already. It feels, for example, its 650 bottlers throughout the world have gained new confidence in it. The reason is that it took over some bottling plants itself, ran them for a while to show what could be done. In some cases, sales went up as much as 400% during the parent company’s tenure. Since Pepsi-Cola began doing this, the bottlers have so far put in over \$7-million of their own money to build business even further.

• **Background**—The man mainly responsible for this, Alfred N. Steele, has had a broad experience in advertising and selling. Born in 1901 in Nashville, Tenn., he moved away from there almost at infancy. His father was an international secretary of the YMCA, so Steele saw the world from London to Manila before he was out of knee-pants.

When he became of college age, he finally did stand still long enough to take a bachelor of science degree from Northwestern University (1923). He immediately went to work with a metal broker, within two years had become special merchandising representative for a manufacturer of furniture hardware.

• **Challengers**—By 1926, Steele shifted to publishing, became merchandising manager of the Chicago Tribune. Two years later he was with a Milwaukee advertising agency as an account executive. From then on he had various jobs as sales manager or advertising director of one big company after another—until Coca-Cola named him vice-president in charge of marketing in May of 1945.

Now, as president of Pepsi-Cola, he feels that he faces his greatest challenge yet. Everybody who knows the history of Pepsi-Cola agrees with him.



How to paint without getting blisters!

It's so easy to blame the painter or the paint when blistering or peeling occurs; when, more than likely, excessive moisture is to blame. For even the best paint will not cling to a surface that is moist or damp.

This problem of moisture has been a headache to the painting industry for years. Dampness in the wood or plaster, or even on the surface, is not always evident at sight or touch; and even delaying the job is no guarantee that conditions will be just right. Thus costly paint jobs too often went bad; and someone had to take the rap for a condition over which there was very little control.

But it's far different today. The recently developed TAG Midget Moisture Meter instantly

shows the percent moisture in wood or plaster . . . *tells when the surface is just right for painting.* By assuring a *lasting* paint job, this inexpensive meter saves contractors the cost of doing many jobs over; and protects the reputations of everyone concerned.

The development of this practical instrument for the paint industry again typifies the forward thinking and sound engineering available at WESTON to help solve measurement, recording or control problems whether involving moisture, light, electricity, temperatures or pressures. WESTON Electrical Instrument Corporation, 617 Frelinghuysen Avenue, Newark 5, New Jersey . . . manufacturers of Weston and Tag Instruments.



WESTON *Instruments* . . . INDICATE — RECORD — CONTROL

FINANCE

Bills Are Getting Harder To Collect



CREDIT MANAGERS are getting tough. Companies carrying credit insurance report that receivables are a smaller percentage of sales now.

SLOW PAY ACCOUNTS are increasing. The past-due accounts now make up a bigger percentage of all receivables than they did a year ago.

DANGER SIGNAL: The percentage of accounts that are more than 60 days overdue is also on the upgrade. As a result, more companies are . . .

Sharing the Risk on Credit Losses

The ABC Co., manufacturers of rust-proof widgets, had a healthy, expanding business, with about 30 regular customers. The other day, ABC got a chance to increase its sales volume about 10% by taking on another customer. Fred Foresight, ABC's president, was glad to get the business—even though it meant extending the new customer considerable credit.

But it started him wondering. Though his own company was in good financial shape, what would happen if the new customer should get into difficulties? Several of his old customers, too, were located in a single midwestern city that had occasional floods. If even one or two of them should be put out of business by a flood, ABC could well be in serious trouble.

The more Fred thought about it, the more worried he got about something happening to his accounts receivable. He was rather skeptical about postwar prosperity continuing indefinitely in the industries which bought widgets. He had already seen the red flags going up in several trades. How could he protect his own receivables?

* **"Factor" Angle**—One way, of course, would be to "factor" the accounts—that is, sell them to a factor at a discount and let the factor worry about collecting. But Fred didn't think the risk of credit losses was high enough to be worth paying the factor's discount. Furthermore, he had a line of

credit with his bank on his own paper. The bank might take a different attitude if he factored his receivables.

* **Credit Coverage**—Fred talked it over with an old business friend, Harry Martin. Martin suggested he look into the possibilities of credit insurance. "After all, Fred," Martin told him, "you insure your widgets against fire and other dangers while you have them in the warehouse. Why should you stop insuring just because you've sold them, as long as you haven't been paid? You ought to look into credit insurance."

Martin explained that two companies—American Credit Indemnity Co. of New York, and London Guarantee & Accident Co., Ltd.—write industrial credit insurance in the U. S. Such insurance guarantees manufacturers, wholesalers, and certain service agencies, like advertising firms, that they will be paid for goods shipped or services rendered.

He told Fred Foresight not to confuse industrial credit coverage with consumer credit insurance. That's life insurance or accident and health insurance written on consumers who buy on the instalment plan, to make sure that illness, injury, or death, won't keep them from completing their contracts.

* **Warning Signals**—When Fred talked to an insurance agent about credit coverage, he found that his premonitions had solid foundation in fact. Right now, the industrial credit-insur-

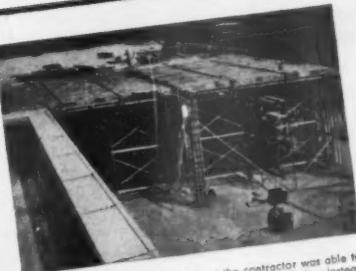
ance companies are having higher losses than they have had for some years back. American Credit Indemnity (since 1936 a subsidiary of Commercial Credit Corp.) reports that bills are getting harder to collect (charts, above).

According to American Credit, the proportion of policyholder business done on credit is lower than it was a year ago—indicating greater caution on the part of these companies. And the proportion of past-due accounts is lower in relation to sales than it was a year ago.

But there's a danger signal. The percentage of past-due accounts among accounts receivable is rising. And, of the past-due accounts, the percentage that is 60-days old or older is rising. This is a warning. It means that credit-insurance companies will be even more selective in the companies they insure. But it doesn't mean they will charge higher rates; their rates are set with a long-range outlook.

* **Highly Specialized Field**—Though the business is a small one, it covers quite a lot of ground. American Credit, for instance, which took in about \$5-million in premiums last year, says that its blanket policies alone covered more than \$5-billion in sales. The company realizes, however, that there is a large potential market of excellent risks which it hasn't reached, and is going out after that market.

Why is it that there are only two



By using Lehigh Early Strength Cement the contractor was able to move forms from each roof section to the next after 3 days instead of the usual 7.

Owner: **JEWEL TEA COMPANY, INC.**, Barrington, Ill.
Contractor: **A. L. JACKSON COMPANY**, Chicago, Ill.
Architect: **HOLABIRD & ROOT & BURGEY**, Chicago, Ill.



Pouring the 300' x 120' roof slab.



Construction of Jewel Tea Company's warehouse addition, Barrington, Ill.

Earlier Occupancy with **LEHIGH EARLY STRENGTH CEMENT**

Additional warehouse space was needed by the Jewel Tea Company. Early occupancy was important. This meant a stepped-up schedule in pouring the 36,000 square feet of roof. To meet this requirement, a fast-curing concrete made with Lehigh Early Strength Cement was used. With these results:

Twenty-four days of construction time saved! Twenty-four days earlier occupancy! Without sacrifice of good workmanship . . . without extra cost! Exceptional? Not at all. Any concern in immediate need of additional factory, office or warehouse space can obtain equally fast results . . . often at a substantial saving.

Let Lehigh Early Strength Cement save you time and money in your construction. Our Service Department will be glad to help you with your specific problems.

Lehigh Portland Cement Company
Allentown, Pa. • Chicago, Ill. • Spokane, Wash.

Lehigh
CEMENT



New safety in tilting!

When your office chair's tilting mechanism suddenly flies apart and dumps you on the floor, your colleagues may think it's funny... but chances are you won't! With Bassick's "FLO-TILT" finest tilting and swiveling mechanism for office chairs... tilting is controlled by long-lasting rubber encased in steel. There are no metal springs, hence this torsion unit cannot collapse, is noiseless, cannot squeak, never needs lubrication. Remember this, when you're ready to buy your new office furniture—and look for chairs with the "FLO-TILT" control.



New action in rolling!

Every chair in your office will roll easier and smoother if you equip it with Bassick "Diamond-Arrows." As a matter of fact, these patented "two-level" ball-bearing casters will liven up rolling on any kind of furniture whether it's a chair in your office, a bed in your home, or a push-cart in the supermarket. At your office supply or hardware store.

THE BASSICK COMPANY,
Bridgeport 2, Conn. In
Canada: Belleville, Ont.



Bassick
A DIVISION OF
STEWART
SW
WARRIOR

MAKING MORE KINDS OF CASTERS...MAKING CASTERS DO MORE

companies in the credit-insurance field? One reason is that it's too complicated. Others have tried it, but gave it up because its highly specialized nature makes it hard to develop a force of agents.

• **The Formula**—Let's go back to the ABC Co. and its blanket credit-insurance policy. Here's how that policy was worked out. The customers whose accounts were to be insured were analyzed according to (1) estimated financial strength, and (2) their Dun & Bradstreet rating, or the rating of the mercantile agency recognized in their particular field. The insurance company sets maximum limits on how much coverage it will give on each account, depending on a combination of financial strength and credit rating.

However, the insurance company makes itself responsible only for policyholders' abnormal credit losses. Through the years, the companies writing this business have worked out experience tables on average credit losses of the various types of business. They rate U.S. enterprises in five classes.

For instance, the steel industry and the advertising business are both in the group with the lowest proportion of credit losses. Jewelers, furriers, and jobbers of women's shoes are examples of businesses in the group with the highest losses. Retailers of any kind are not insured, since it's too hard to estimate the reliability of their customers.

So the insurance companies know, on the average, what percentage of any company's credit advances will result in losses. They consider that this is normal cost of doing business. The policyholder should allow for normal losses in his costs.

• **Blanket Policy**—But it is the unexpected credit losses that businessmen cannot anticipate—the sudden insolvency of a substantial customer of long standing, or a whole group of accounts brought into difficulties by some development like strikes or economic recession.

This is the kind of loss against which a blanket policy protects. The indemnity doesn't start to apply until a policyholder's credit losses exceed the norm for his particular business.

• **For Working Capital**—Furthermore, the policyholder must pay a percentage of any abnormal loss. This "deductible" usually is either 10% or 20%. Its major purpose is to keep the insurance company from insuring the policyholder's profit margin. The underwriters don't feel that credit insurance should do that. It should protect only the working capital which the policyholder has invested in his receivables.

Since profit margins vary considerably, the deductible is only a rough measure. It often has other purposes,

too, of course. It keeps the policyholder from being reckless about extending credit. And the deductible is apt to be higher when the type of business covered is of relatively poor quality, or when the insurance company is carrying high maximum limits.

Sometimes, policyholders prefer to insure only one large account, or a specified list of accounts. Here the arrangements are a bit different. The insurance carrier checks the credit standing of each account before issuing the policy. On such policies, it pays its share of each loss. Of course there is a deductible, as in the blanket policy.

• **Many Facets**—Protecting policyholders against excess credit losses isn't the only function of credit insurance. Whenever past-due accounts begin to run on, they are filed for collection with the insurance company. Many policyholders, particularly small companies, don't have their own collection facilities. The insurance company can either use its own collection department, or else retain collection attorneys, who are available anywhere in the United States.

Policies vary in their provisions. But very often all the policyholder has to do to prove his loss is to file his report that such and such an account is so many days past due. Such policies give policyholders an incentive to report past-due accounts before they run on very long.

Sometimes prompt reporting by one policyholder serves as a tipoff on the credit standing of certain debtors who, though over-extended, have been able to maintain their credit rating by paying bills of the stronger creditors and stalling off the smaller ones. Immediate action by the insurance company often secures better terms for its policyholders than other creditors get later on.

In other cases, the insurance company is instrumental in helping the debtor to stay in business. With its greater experience, it is able to estimate more accurately than other creditors whether an insolvent concern has a good chance of working itself out of debt. The carriers are sometimes able to persuade other creditors not to force the insolvent into legal bankruptcy.

• **"Salvage" Money**—After having already paid its policyholders their abnormal losses on bad accounts, the insurance company often collects "salvage" as the debtor works off his debt, or when a final bankruptcy settlement is made. The proper proportion of salvage is returned to the policyholder, depending on what percentage of the abnormal loss he had to absorb.

Sometimes credit managers are opposed to credit insurance. It seems to be a reflection on their ability. The insurance companies, however, point

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OPERATING AFFILIATES

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Central Ohio Light & Power Company

Indiana & Michigan Electric Company

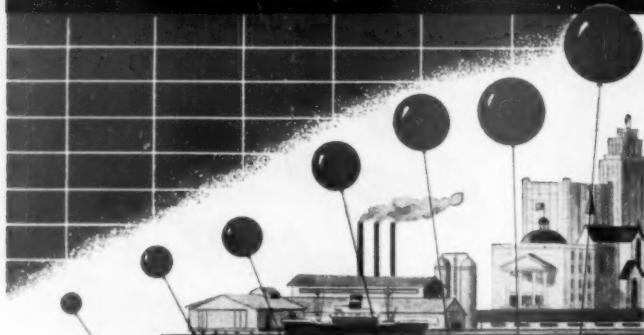
Kentucky and West Virginia Power Co., Inc.

Kingsport Utilities, Inc.

The Ohio Power Company

Wheeling Electric Company

INFLATION vs. FIRE PROTECTION



"Automatic" Sprinkler has the answer

Let's face it! Inflation is a continuing process in today's economy. It makes little difference to a property owner whether it is the result of planning, bungling or world unrest. The fact remains that higher and higher replacement costs make it more and more important for him to protect what he owns.

Insurance provides a large part of this protection and it's a sound business policy to keep insurance coverage up to value. But prices are moving upward too fast for insurance to keep pace day by day. Moreover such coverage often becomes an unbearable financial burden.

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This not only minimizes property losses by fire—but also makes possible the purchase of more fire insurance at no extra cost. In addition, it enables you to insure property not reasonably insurable without it...protects intangible but vital business assets not insurable under any conditions.

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out that they're not trying to take the place of credit departments, but to insure companies against the unforeseen. As a matter of fact, the underwriters themselves are very reluctant to insure companies that don't have credit departments.

• **Brake on Credit**—The existence of a credit-insurance policy often helps to solve a problem inherent in many businesses: the conflict between the sales department and the credit department. When a credit man refuses to O.K. an order produced by the sales department, he can show that it would create a larger line of credit for one account than the insurance company will insure. Or, if the policy does give coverage for a larger line than the credit man would himself have approved, this makes it possible for the company to increase its sales (and presumably its profits) with a considerable amount of safety.

The credit-insurance companies like to think of themselves as a balance wheel. Without credit insurance, businessmen are apt to run to extremes. In boom times, they may become too liberal in extending credit. Then a credit loss may make them overcautious about credit. But credit insurance, with its fixed lines of insurance beyond which the underwriters will not go, provides a warning during the boom, gives confidence in deflation.



New Head of Central

William White, president of the Delaware, Lackawanna & Western R.R. since 1941, will move into the presidency of the New York Central R.R. on Aug. 1. White, 55 years old, was previously with the Erie R.R. and also vice-president and general manager of the Virginian Railway before joining the DL&W. Now he succeeds Gustav Metzger, the Central's president, who moves up to board chairman.

Utility Net Rises, But . . .

Going Strong

	January-May			January-May		
	Gross Revenues 1952 (in millions)	1951	Gain	Net Earnings 1952 (in millions)	1951	Gain
Boston Edison (1)	\$20.9	\$19.7	6.5%	\$2.6	\$2.4	7.6%
Carolina Pow. & Light	17.6	16.3	8.0	2.8	2.5	13.5
Cent. Illinois Light	11.7	10.6	10.5	1.7	1.6	3.5
Cleveland Elec. Illum. (1)	23.5	30.6	13.8	3.6	3.2	12.4
Commonwealth Edison (1)	82.5	77.5	6.5	11.1	9.2	20.7
Connecticut L. & P.	22.0	19.9	10.3	3.3	3.2	3.3
Consol. Edison (1)	122.3	118.9	2.9	15.3	15.2	0.6
Consol. Gas, E.L. & P. (1)	25.0	23.0	8.8	3.0	3.3	+6.4
Consumers Power (2)	51.4	48.3	6.6	8.8	8.3	5.6
Detroit Edison (1)	45.4	43.8	3.7	5.1	4.6	10.6
Duquesne Light (1)	19.9	18.3	8.6	3.6	3.2	10.8
Georgia Power	32.7	30.2	8.2	5.0	3.5	42.8
Houston Lighting (1)	10.4	8.6	21.2	1.8	1.4	32.7
Minnesota P. & L.	6.9	6.6	4.9	1.3	1.4	+8.1
Niagara Mohawk Power	82.1	73.3	13.3	11.9	9.3	27.4
No. Indiana Pub. Service	25.3	22.3	13.4	3.8	3.7	4.7
Ohio Edison	43.4	40.7	6.4	6.8	6.0	13.2
Philadelphia Elect. (1)	47.6	44.5	6.8	8.8	8.1	8.6
Portland Gen'l Electric	11.3	10.6	7.0	1.9	1.6	15.4
Public Service E. & G. (1)	58.4	55.7	4.9	7.8	8.6	+8.6
Publ. Service of N. H.	7.6	6.7	13.1	1.1	0.9	31.8
So. Cal. Edison (1)	31.2	28.6	9.1	5.9	4.8	23.3
Southern Company	65.2	63.0	3.6	8.3	6.1	36.3
Union El. of Mo. (1)	23.3	22.1	5.3	4.3	3.6	17.1
Virginia Electric & Power	31.6	28.7	10.2	5.2	4.3	18.9

*Decrease, net gain. (1) First quarter operating results. (2) January-April operating results.

The privately owned utilities—third largest industry in the nation—have been prospering mightily lately. Both revenues and earnings have been climbing in 1952 for most companies in the group (table), and that at a time when many another trade is falling off.

Indeed, the year bids fair to be the best in utilities history. First half revenues are believed to have jumped to \$2.6-billion, about 7% above 1951. Net earnings turned in an even more impressive performance, according to Edison Electric Institute estimates. Profits after all charges probably hit \$460-million, a 10% gain.

Even a second half showing no better than that seen last year would insure this picture for 1952:

Gross revenues of \$5.1-billion, 4% above last year's record peak.

Net earnings of \$900-million, larger by 9% than 1951 (when profits just failed to equal 1950's \$831-million all-time record).

Such figures look rosy, but actually they would be a bitter disappointment to most Wall Street analysts who follow the industry closely. These experts think that the second half of 1952 will produce gross and net gains on a year-to-year basis at least as fancy as those rung up in the first half. Here's how they figure:

• A continued rising consumption of power is virtually assured by defense

work in industry, plus increasing use of electrical appliances, television sets, air-conditioning equipment and the like. The experts expect a particularly sharp rise in residential use—the industry's most profitable line.

• The trade lately has been getting costs under better control. New and efficient generating equipment is coming into service. That means higher profits on an increasing share of total power output. New plants are using 40% less fuel, and less manpower to produce the same amount of juice as did older types.

• Utilities have a more favorable than average position on federal taxes on earnings. For some months to come, big savings will be realized from the recent repeal of the electric-energy tax that had long plagued the industry. This factor accounts for much of this year's reduction in the operating ratio. In the first quarter it produced savings of \$24-million.

Utility earnings are just as vulnerable as anyone else's to federal normal and surtax levies. But unlike most others, they are relatively immune to excess profits taxes. The trade is exempt from the levy when earnings are less than 6% of invested capital, after normal and surtax.

• Troubles, Too—The electric utilities rose garden, though, has thorns as well as flowers. Costs, for instance, are still

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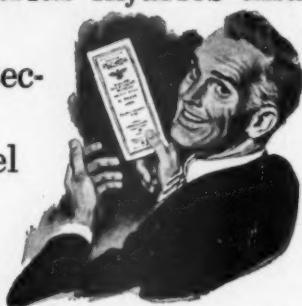
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EMPLOYERS MUTUAL FIRE INSURANCE COMPANY



high despite the improved control. And not all companies have been equally successful in controls. Of the companies listed, 16, or two-thirds, were able to boost their profit margins this year. But the other nine showed a falling off.

Take Baltimore's Consolidated Gas, Electric Light & Power Co., for years rated in the Street as one of the most efficiently-run power properties. Its first quarter earnings dropped \$300,000, despite a \$2-million rise in revenues above 1951 levels. This year, only 12.2% of revenues came through to net earnings, compared with the previous 14.1%.

Obviously, higher taxes played a part in this. But the company's president didn't blame taxes alone when he recently explained an earlier drop to stockholders. "Higher costs of labor, materials, and equipment" had to share the responsibility, he said. And he added that these plus taxes had brought earnings to a "dangerously low level."

There's little management can do, clearly, to hold down tax costs. Even on operating costs, there are definite limits on what can be done to prune them.

• **Good Old Days**—All this adds up to the fact that the industry will never get the cost of doing business down to the levels of the good old days. Gone forever is 1929, when the trade could convert 32¢ of every revenue dollar into profits. Gone too, is 1939, when 26% of gross showed up as net.

Still, Wall Streeters insist that the worst of the industry's cost troubles are probably over. They think that from now on profits statements will feel more benefits from the gigantic postwar expansion and modernization program.

Between the end of the war and the first of this year, the industry had added 20-million kw. of new generating capacity; 5.7-million kw. of this came in 1951 alone. This year, another 9-million kw. will be installed, with 12-million kw. due in 1953, and 8-million kw. more in 1954—if present plans are carried out.

Wall Streeters say that costs will go down as this capacity goes into action. Just how low they will go won't be known for some time, but utility management obviously thinks the saving will be substantial. Otherwise, it would not have embarked on such an extensive program.

Many experts report that the new facilities are already earning their keep, though their real earnings potential has yet to be tested. They argue that today's net earnings would be much lower were it not for the new facilities already in action.

• **Dilution**—This picture has a side that should not be overlooked by holders of utility common stocks. The ex-



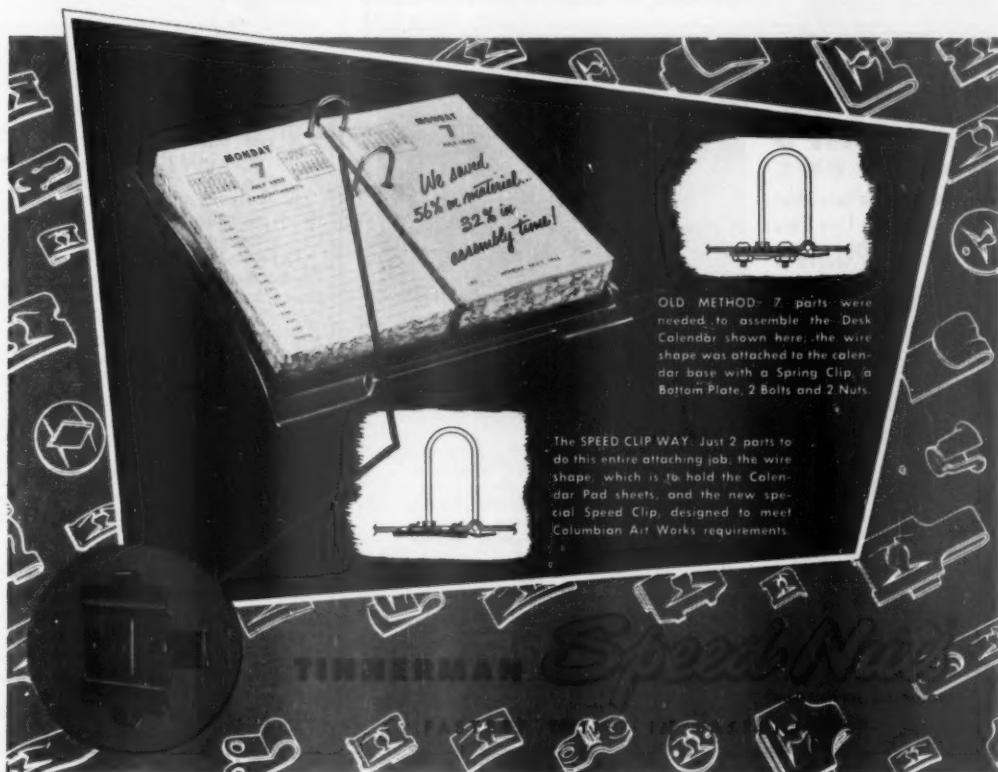
Notes on a Calendar Pad:

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OLD METHOD: 7 parts were needed to assemble the Desk Calendar shown here; the wire shape was attached to the calendar base with a Spring Clip, a Bottom Plate, 2 Bolts and 2 Nuts.

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June 27, 1952.

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20 Hours with Five Twin
VIKING PUMPS**



ABOVE: Two of three Viking-equipped pump floats at the Ashland Oil & Refining Company's Kenova, W. Va., unloading terminal. An additional terminal is also operated by them at Kenova along with many others at points on the Ohio river and tributary streams.

AT LEFT: These two sets of two Viking pumps, each manifolded into common suction and discharge lines can unload from one to six barges of crude oil simultaneously.

Unloading and stripping 15-barge tows totalling 6,300,000 gals. of light crude oil in less than a day's work for the five sets of Viking pumps used on these and the one additional floating dock at Kenova. These outstanding terminal facilities of the Ashland Oil & Refining Company require almost continuous operation of five twin Viking Pumps, and no additional stripping equipment is needed.

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THE ORIGINAL "GEAR-WITHIN-A-GEAR" ROTARY PUMP



expansion program has already been expensive, and will cost plenty more before it is finished. At the start of this year, costs had reached \$11-billion. Completion of the program should add another \$7-billion or more, including \$2.5-million in 1952.

Part of these costs can be handled out of depreciation accruals and retained earnings. But lots of new securities must also be sold. That means that for a while at least, improved net profits will frequently fail to show up in common stock per-share earnings; the new financing will cause the dilution. Last year the industry disposed of almost \$546-million of new preferred and common stock. The figure may be nearly repeated in 1952.

No Public Funds For Private Enterprise

A new wrinkle in revenue bonds got a setback last week when the Florida Supreme Court squashed a plan to use tax-exempt issues to finance municipally owned industrial plants that would be rented to private companies.

The court ruled that it was illegal for North Miami to sell a \$400,000 revenue bond issue to build a new plant for a metal-goods manufacturer. The manufacturer was to take a 20-year lease, at a rental which would pay interest and amortization on the bond issue. Then it could either buy the property for \$1,000 or lease it again for 25 years at a very small rental.

The court held that no vital municipal service was involved, observing: "The financing of private enterprise by means of public funds is entirely foreign to our constitutional system."

• In Other States—Three other states—Illinois, Kentucky, and Tennessee—have passed legislation allowing municipalities to issue revenue bonds for this purpose. In Mississippi, local governments can issue general obligation bonds secured by their taxing power. So far, however, no such issue of any real importance has been sold.

Investment bankers in the big financial centers have been cold to them (BW—Sept. 1, '51, p102). They feel that: (1) In the case of revenue bonds, the security of such issues depends solely on the ability of the tenants to continue to pay rental, and (2) bonds of this kind are an abuse of the tax-exempt privilege. The Investment Bankers Assn. and the Municipal Finance Officers Assn. have condemned them officially.

Elizabethton, Tenn., and Aberdeen and Meridian, Miss., have made unsuccessful attempts to market such bonds in order to build plants for rental to Textron, Inc. (BW—Jun. 14 '52, p142).

FINANCE BRIEFS

The steel strike is having a sharp impact on east-of-the-Mississippi carriers. Erie blames it for cut of 23.2% in loadings in first three weeks of June; it's costing Southern R.R. 500 carloads of freight daily; Western Maryland estimates its steel-strike loss at \$600,000 in first-half June, and the Pennsylvania R.R. figures the tie-up lopped off at least \$15-million of revenues last month.

Savings still rise: Mutual savings banks gained \$137-million in deposits during May, according to the National Assn. of Mutual Savings Banks. That's the biggest gain on record for May.

Financing: Dow Chemical Co. will put \$100-million of convertible debentures on public sale to pay for expansion. . . . Allis-Chalmers Mfg. Co. is dickering for a \$75-million loan from insurance companies. . . . Atlantic Refining Co. plans to sell \$30-million of common stock.

Liquidity of manufacturing, wholesaling, and retailing companies is still dropping, according to a survey by Standard Factors Corp. It shows that the ratio of current assets to current liabilities is now 1.8, compared with 1.9 in 1951 and 2.25 in 1950.

Competitive bidding waived: ICC gave Atlantic Coast R.R. special permission to sell \$20-million of 20-year 4½% mortgage bonds directly to an investor group, despite protests of Halsey, Stuart & Co., chief exponent of competitive bidding. Rails usually have to call for competitive bids in selling new issues.

The sell-and-leaseback gimmick, often used by industrial companies and retailers, has popped up in the utility business. Arkansas Power & Light Co. has just sold and leased back a \$2-million general office building. The cash will go for expansion.

Backtrack: The Worcester (Mass.) Five Cent Savings Bank, one of two savings banks there to boost interest rates to 3% at year end (BW-Jan. 5'52, p90), has cut its rate back to 2½%. One reason: It attracted too many deposits from outside the area that could be counted on only as long as the rate was above average.

Merger between Formost Dairies, Inc., and ACF-Brill Motors Co. (BW-May 10'52, p34) was called off. Spokesmen said it wasn't possible to work out details.

America's Flagship . . .

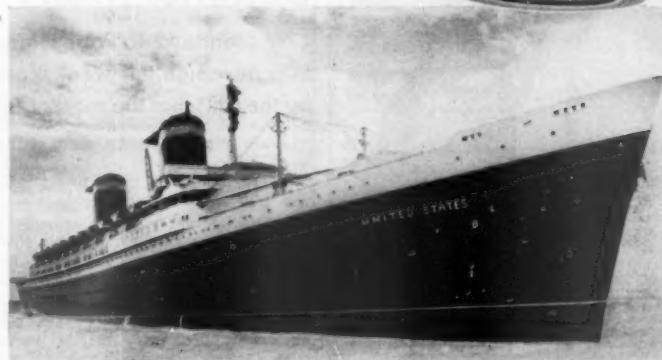
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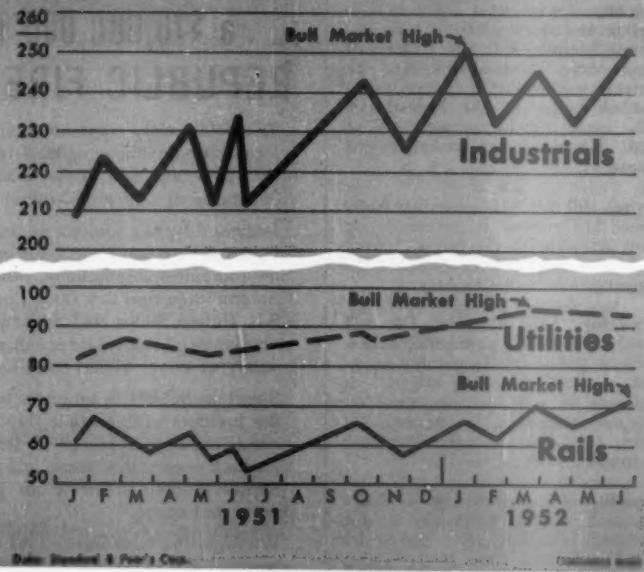
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THE MARKETS

Stock Market Highs And Lows



Summer Rally Gets Going

Standard & Poor's industrial average pushed through to a new high this week, confirming the signal already given by the rails. But the market still has a lot of worries on its mind.

There was no question about it this week. The summer rally was under way. After moving close to its post-war bull market high late last week (chart), Standard & Poor's daily index of 50 bellwether industrial stocks went through to a new high this week—and carried right on to pass its 1929 high.

Since S & P's rail index has also been making new bull market highs lately, the new push by the industrials was a definite bull signal. According to the chart readers, if either the industrial or rail average has made a new high, and the other average "confirms" it by also making a new high, it means that a new bull move is at hand.

• **Influence**—You don't, of course, have to go along with chart theory—and there are plenty of market analysts who don't. It has fooled its followers a number of times in the past. But enough people do accept it so that it's often a real influence in the market.

So far, however, trading volume on

the New York Stock Exchange is still lazily along. Like rising stock prices, low volume is normal for the summer and fall of a presidential election year.

If you look back at trading volume during the past three election years, you'll see that market activity faded in June or July, and didn't really step up again till after the next President had been chosen. One good reason for this, of course, has been that many investors and traders stayed on the sidelines until they could get some idea of what sort of Administration they were going to get for the next four years. Next year, a Republican in office might well introduce more conservative policies in such areas as government spending. Wall Street would approve of that in principle, but the immediate effect might be to depress stock prices.

• **What of Steel?**—That's only one of the uncertainties investors have to worry about this summer. The steel strike still goes on. It has now reached

the point where it's bound to hurt corporate earnings in the industries which use steel. Eventually, of course, the strike will be settled. But it's difficult at this point to calculate what effect the terms of settlement will have on future corporate earnings.

Furthermore, investors are beginning to realize that someday all U. S. industry is going to have to face the same problem of declining demand which has been bothering some of the consumer-goods industries for the past year. When demand drops off, it's no longer possible to pass on higher costs. (page 63).

And there's no certainty that demand will continue indefinitely at current high levels in the industries which are now enjoying prosperity—not even those which are turning out goods for the armed forces.

• **Selective.**—There's another factor you should realize about this bull market. It's not a speculative push—with the exception of the flurry in Canadian oils. The U. S. stock market is a pretty selective affair. The utility shares, for instance, haven't joined in the advance, in spite of their good 1952

Cross Currents in Industrials

Stock Groups	Changes*		Date of Bull Market High	Recent Level vs. Bull Market High
	In 1951	In 1952		
ALL INDUSTRIAL STOCKS.....	+13.7%	+ 4.3%	Jan. 1952	- 0.4%
Aircraft manufacturing.....	- 4.1	+ 5.7	Oct. 1951	- 6.8
Air transport.....	+15.4	-16.6%	Dec. 1951	-16.7
Automobiles.....	+ 7.5	+12.9	June 1952	At high
Auto parts, accessories.....	+ 6.0	+ 6.2	Oct. 1951	- 1.1
Auto trucks.....	-13.0	- 2.4%	Feb. 1951	-20.7
Building materials.....	+19.0	+ 5.8	Oct. 1951	- 0.7
Carpets, rugs.....	- 6.7	- 2.8%	Feb. 1951	-27.4
Chemicals.....	+14.5	+ 1.7	Sept. 1951	- 5.6
Coal (bituminous).....	+71.6	- 2.3	Mar. 1952	- 6.1
Confectionery.....	- 1.7	+ 3.1	Feb. 1951	-11.3
Containers (glass).....	+ 6.0	-14.1%	Sept. 1951	-19.9
Containers (metal).....	+21.2	+21.8	June 1952	At high
Copper.....	+17.4	-11.6	Jan. 1952	-14.1
Department stores.....	- 1.6	+ 1.1%	Sept. 1951	- 8.5
Distillers.....	- 3.4	-13.9%	Oct. 1951	-21.3
Drugs (ethical).....	+32.8	-12.9	Aug. 1951	-19.2
Drugs (proprietary), cosmetics.....	+13.4	- 2.4	Oct. 1951	-10.4
Electrical equipment.....	+16.7	+ 4.2	Sept. 1951	- 4.3
Farm machinery.....	+11.5	- 7.5	Oct. 1951	-11.1
Fertilizer.....	+39.2	-12.4	Oct. 1951	-14.6
Finance companies.....	-33.6	+18.1	June 1952	At high
5¢, 10¢, \$1 stores.....	+ 2.2	- 1.9	Mar. 1950	- 9.1
Food chains.....	- 5.5	+ 8.1	Nov. 1950	- 3.9
Food manufacturing.....	- 2.9	+ 2.0%	Feb. 1951	- 5.8
General chains, mail order.....	+ 5.7	- 3.9	Feb. 1951	- 8.8
Gold mining (U. S.).....	+ 0.7	+ 6.0	Jan. 1950	-24.6
Lead, zinc.....	- 9.9	-15.7%	Oct. 1951	-19.1
Leather.....	- 0.4	-10.0%	Jan. 1951	-27.6
Machine tools.....	+ 4.2	-10.1%	Oct. 1951	-12.4
Machinery.....	+ 6.5	+ 2.9	Oct. 1951	- 1.7
Metal fabricating.....	+ 9.7	- 0.5	Oct. 1951	- 7.3
Mining, smelting.....	+24.9	- 0.5	Jan. 1952	- 9.3
Motion pictures.....	+10.4	+15.0%	Oct. 1951	-24.0
Office, business equipment.....	+14.3	+ 2.4	Sept. 1951	- 0.3
Oil—crude producers.....	+44.0	+35.1	April 1952	- 6.1
Oil—integrated companies.....	+35.6	+15.8	June 1952	At high
Paper.....	+ 3.3	- 4.5%	Aug. 1951	-11.2
Printing, publishing.....	- 5.3	+ 0.7	Feb. 1951	-15.0
Railroad equipment.....	- 4.8	+ 3.3%	Jan. 1951	- 6.7
Rayon.....	+ 4.9	-11.6%	Sept. 1951	-20.6
Shipbuilding.....	+ 3.8	+ 9.1	June 1952	At high
Shipping.....	+13.3	+12.1	May 1952	- 0.4
Shoes.....	- 2.6	+ 0.9	Jan. 1950	- 9.7
Soft drinks.....	-10.4	+ 7.5%	Mar. 1950	-25.8
Steel.....	- 2.4	- 3.3%	Jan. 1951	-16.3
Sugar.....	- 1.2	- 4.2%	Feb. 1951	-13.9
Textile weavers.....	-10.6	- 1.0%	Feb. 1951	-15.7
Tires, rubber goods.....	+47.5	+ 8.0	June 1952	At high
Tobacco.....	- 7.5	- 0.2%	Jan. 1950	-19.5
TV, electronics.....	+31.8	+19.7	June 1952	At high
Vegetable oils.....	+ 9.8	-11.0%	Aug. 1951	-12.0

Data: Standard & Poor's weekly stock price indexes. * All changes are figured on basis of 1950 year-end levels. # Recent level was below 1950 year-end figure.

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OFFICE WORKERS at Curtiss-Wright get leaflets from AFL organizer Keefe. In . . .

New White-Collar Roundup

Aircraft, insurance, bank drives mean that both AFL and CIO are getting set to bolster their lagging drives to tap pool of 13-million unorganized employees.

Union organization of white-collar workers is picking up steam again after a marked slacking off. For a time, AFL had eased its activities after the insurance agents lost their strike at Prudential Insurance Co. last winter (BW-Mar. 1 '52, p127). And since the textile split (BW-May 24 '52, p166), CIO has concentrated most of its organizing efforts on holding what it could in that industry.

• **Pool of Strength**—But both AFL and CIO see the 13-million unorganized white-collarites as a big pool of new strength. Neither group will give up trying to get them for very long.

Recently, in fact, a series of developments combined to give the impression that big new drives are in the offing.

• This week AFL's Office Employees International Union is signing up office forces at two Curtiss-Wright Corp. plants in northern New Jersey. A hearing before National Labor Relations Board has been set for July 7, and an election is sure to be called. If the union wins, the result will be a broader OEIU campaign.

• In Massachusetts, industrial insurance agents of Metropolitan Life In-

surance Co. were voting this week on whether they wanted CIO's Insurance & Allied Workers Organization Committee to bargain for them. The Massachusetts poll is part of a state-by-state effort of IAWOC to win the biggest company in the industry.

• An NLRB examiner has held that Cleveland Trust Co. committed unfair labor practices before an election in which a CIO group was beaten.

At the Curtiss-Wright plants, the campaign is a joint affair with AFL's International Assn. of Machinists cooperating with OEIU. M. David Keefe, international representative for OEIU, is running the drive. Keefe ran the bitterly resisted attempts to organize Wall Street employees (BW-Apr. 3 '48, p99). The goal of OEIU at Curtiss-Wright is 800 office workers in the propeller plant at Caldwell and the electronics shop at Carlstadt.

At the same time, IAM, which represents production workers in the two plants is campaigning for some 500 engineers and technicians.

• **Sharper Lines**—Keefe says that while nothing has been set beyond the Curtiss-Wright drive, there are other com-

panies in the area where a two-pronged OEIU-IAM operation could gather a stack of members.

In the CIO, unions representing production workers have also signed up office staffs in steel, autos, rubber, and elsewhere. But beyond that, CIO's main emphasis has been on insurance workers. Through the IAWOC it has signed up about 15,000 industrial insurance agents (those who collect weekly premiums) and home-office employees in Metropolitan, John Hancock, and a string of small companies.

At Hancock, the group has a union-shop contract covering all of the company's industrial agents. With Metropolitan it has had to settle for state and citywide agreements. But its latest Metro pact in New York City covers almost 5,000 employees. And this week's election in Massachusetts involves 1,000 more.

• **Concentration**—IAWOC is sticking strictly to the insurance business largely because it feels it can attract more members if they can be convinced the union won't dissipate its strength throughout the white-collar field.

An affiliate of IAWOC, the Life Insurance Field Force of America, has been campaigning among the general insurance agents who haven't been touched by the organizing committee itself. LIFFA is currently stymied, though, as a result of an NLRB decision involving agents of State Farm Insurance Co. in California. The board held that general agents aren't employees under the Taft-Hartley act. But the regional board has agreed to rehear the case, and if LIFFA can get a reversal, it plans a major drive among the 90,000 general insurance agents.

• **"Unfair" Wage Rise**—In Cleveland, a CIO local industrial union, the Financial Workers Guild, recently got a big boost in what looked like a futile drive against the Cleveland Trust Co. Last year, when the CIO group lost an NLRB vote to "no union" by a tally of 1,047 to 733, it charged that the management had acted unfairly in attempts to beat the union. The board examiner agreed.

So far the board hasn't ordered a new election on the basis of the examiner's findings. The bank has threatened to fight the case to the Supreme Court if the board decides for the union. But the prize is too big for the CIO group to quit now. With 55 branches throughout Ohio, Cleveland Trust is considered the biggest bank between New York and San Francisco. A victory for the union could be a wedge to open banks throughout the Midwest.

Rail Unions Plan Mop-Up

Brotherhoods tell 63 small roads to settle quickly for wage raises already granted by major carriers. Recent Long Island strike showed they mean business.

Labor troubles—recently laid to rest for the nation's major railroads—are still very much alive for the short lines. Wage-and-rules disputes are unsettled for 63 little carriers. And the brotherhoods are telling them now to settle quickly—or else.

The unions had put no real pressure on the small lines as long as the big-carrier disputes were erupting. They concentrated on the big roads until they won agreements (BW—May 31 '52, p92).

• **The Pattern**—Once these pacts had established a pattern, the unions turned to the short lines and demanded the same thing. The terms: A 22½¢ raise for engineers and 37¢ for yard men, with comparable boosts for conductors, trainmen, switchtenders, and non-operating workers.

At the same time, the unions told the short lines that they must not merge freight and passenger services or in any way use new rules to cut down on train crews.

Here's how the 63 short lines stand: Fifteen of them have standby agreements with the brotherhoods for following the national pattern. The unions believe these will sign up once details are worked out. Others have similar but less formal agreements to accept the national pattern. Still others are balking not so much at wages as at work-rule changes. And some have made no moves yet toward settlement.

• **"Whittling"**—Grand Chief J. P. Shields of the Brotherhood of Locomotive Engineers warned this group recently that no minor road would be permitted to "whittle down" the May settlement terms. He said that almost all of them are well able to meet the national pattern.

"We want it clear that we will now turn the full weight of our organization toward consummation of agreements on terms at least as favorable as those we got at the White House," Shields told the smaller roads. "If these carriers cannot sit down in good faith we have no alternative but to proceed as though we will have to exercise our full economic strength."

• **Strike**—The recent two-day shutdown of service on the busy Long Island Railroad gave a preview of what that might mean. Engineers and motormen struck unexpectedly over the method of extending national work-rule terms to Long Island operations. Wages were not an issue.

The Long Island engineers particularly wanted rules covering new division terminals and switching service eliminated from the "pattern" agreement. The carrier wanted the national agreement—to which it was not a party—put into effect intact. Issues were compromised in a way, according to the union, that will "save the Long Island Railroad money yet not create any opportunities for abuses" by the railroad management. The union, which feared the possible loss of jobs, was assured that none were contemplated.

• **Union Shop**—Elsewhere on the railroad labor front, 17 nonoperating brotherhoods continued pressing eastern and western carrier associations for union-shop agreements (BW—Feb. 23 '52, p42). And 19 unions joined forces to urge "productivity" wage increases on railroads.

Most railroad contracts now provide that brotherhoods may reopen on wages after July 1 to obtain "annual-improvement wage increases" if the government stabilization policy permits them. Rail union spokesmen recently called on the Wage Stabilization Board—which is studying the issue (BW—Jun. 21 '52, p151)—to approve productivity raises.

The rail unions told WSB that since 1921, ton-miles of revenue freight per employee have increased by 174%, ton miles per man-hour by 193%. This, the unions say, is a 3% annual increase "compounded over a 30-year period," while productivity has actually been rising at a 6% rate during the period since World War II.

The brotherhood arguments for productivity raises were heard by WSB along with similar pleas by other industrial unions.

The Pictures—Cover by Dick Wolters. U. S. Army—31; Horace Bristol, Black Star—78; Ben David—100, 101; Griff Davis—80; Mike Eherenberg—34, 35; Joern W. Gerdts—90, 91, 92; Harris & Ewing—76; Martin Harris—70; Dave Henderson, The M. W. Kellogg Co.—100; Bernard Newman—32; Howard Staples—44; Dick Wolters—55, 75, 94.

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Vandalism: Rehearsal for

In Witness, Whittaker Chambers' book on his experiences as first a Communist and then an anti-Communist, there is one story especially which will give plant protection departments the shudders.

The Chambers' story involves a Communist secret cell in the airplane propeller-casting room of an aluminum company.

According to Chambers' informant—J. Peters, a high Communist official who had to decide what to do about it—the aluminum company had been plagued by microscopic flaws in its propellers, the cause of which a careful check failed to reveal. The flaws were caused by members of the cell making tiny spitballs from the cellophane wrapping of their cigarette packs, and spitting them into the molten flux.

• **Practice Shots**—At this particular point in time, the Communists and Russia had no interest, one way or the other, in U. S. aircraft output. Thus, to the Communist Party, the sabotage of the propellers was completely pointless. Chambers reports that the decision Peters had to make was whether to order the gratuitous sabotage stopped, and thereby risk dulling the revolutionary temper of the comrades, or

whether to wink at it and thereby risk their eventual detection.

Just how much pointless sabotage goes on in American industry no one can say. Most employers believe that all but an inconsequential amount of product spoilage is due to accidents or factors beyond the control of their employees. Genuine, calculated sabotage is unknown, except for rare outcroppings which quickly come under the jurisdiction of the Federal Bureau of Investigation.

• **Real Threat**—But how much sabotage would develop if the cold war with Russia heated up is another matter. It is generally assumed that whatever influence the Communists could muster in U. S. plants would be used to foment strikes and conduct sabotage, designed to hobble as much as possible the American industrial machine.

Meanwhile, with cooperation from the FBI and the intelligence divisions of the armed services, plant protection departments in key plants are learning all that is known about detecting and dealing with sabotage. Any actual practice they are now getting is apt to be with the problem of vandalism.

• **Personal Resentment**—Vandalism could be defined as pointless sabotage



NO SMOKING sign riled one employee into kicking out section of door.

Sabotage?

—breakage, destruction, and waste designed for no political purpose, but undertaken in response to some personal resentment or more-or-less dimly realized psychological impulse.

By this definition, the destructive acts which occasionally attend a strike are not vandalism, though they are often described as such. To the group of strikers involved in smashing fences, slashing tires, or cutting a power line, such acts have the specific economic or political object of forcing the employer's defeat.

Unorganized, pointless destruction is another matter. While it can be the expression of personal bitterness, that bitterness may or may not be engendered by some grievance against the employer. The man who comes to work after a disturbing row with his wife over breakfast and kicks in a locker has a problem in an area not covered by employee relations policies.

• **High—or Low—Spirits**—But vandalism is just as often an excess of uncontrolled animal spirits for which the only practical therapy is to provide some other, nondestructive outlet. And it is here that industry has lacked imagination. Scientifically rationalized work routines, rigid inspection and quality control sys-

tems, and the high degree of employee discipline required in an intricate mass production operation afford few opportunities for workers to blow off steam. The executive has a wastebasket to kick, a secretary to growl at, if he feels full of beans or inwardly tense. The factory worker has no equivalent.

It is not surprising, therefore, that there are a few discernible patterns in vandalism. Destructive acts of the "horseplay" or toilet-stuffing type increase in the spring which also sees the peak of window-breaking. On the other hand, kicked-in doors and other such muscle-flexing types of vandalism show a winter increase when outlets for muscular energy become fewer. Sharp feelings engendered by important union-management negotiations sometimes express themselves in overt acts.

• **On the Wane**—By and large, however, vandalism has been on the wane in America. What was once a large problem to management, now amounts to very little. A survey of industrial centers could not find a single important employer who reported losses through vandalism in Pittsburgh, Buffalo, Milwaukee, Baltimore, or Los Angeles.

Cities where there is vandalism, and examples of it, follow:

Akron. Sharp knives are a standard tool in the tire industry. Springtime checks of fire hoses frequently reveal that some have been slashed during the winter. Drums of gasoline and lubricants have been dumped down elevator shafts. Unattended cans of paint or cement get thrown down stairways. A common piece of horseplay involves moving the hands on a time-clock up an hour, usually on the night shift. Toilet-stuffing and wall-writing (usually obscenities) are common. One company which had considerable trouble every time a wall was freshly painted nailed giant-size writing pads on the wall, posted a notice above them which read "If you have to write on the walls write on these pads." It worked for about two weeks until the novelty wore off.

Chicago. A steel plant had the valves sawed off its steam coils after a rhubarb between workers and foremen over whether the shop was too hot. Vending machines and pay-phone boxes get smashed, but usually for theft purposes. Wall-writing and chalked slogans on cars in the company parking lots are fairly common.

Boston. An electronics manufacturer installed a new wage policy and found dissatisfaction taking the form of increased breakage. Abrasive material was poured into the bearings of an expensive turret lathe and a completed electronic unit had its wiring cut. A large company, the work force of which is about 50-50 men and women, has con-

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siderable trouble with obscenities written on walls.

Detroit. The Motor City reports a large amount of a common industrial experience: window breakings in the spring. If the plant housekeeping department is slow in getting the windows unjammed for an early spring day, the pattern is for someone to heave a heavy object through the pane. Product vandalism in the auto industry is not unknown. Most companies report fewer than a half-dozen instances a year.

Cleveland. Two large Cleveland

employers attribute the decline of vandalism to discipline exercised by unions over their members in the plant. Wall-writing and messing up of wash rooms are, the only serious forms left.

St. Louis. One plant here can predict an upsurge of vandalism every time slack business necessitates a layoff. It usually takes the form of disrupting components on the assembly line, putting sand in conveyor gears, etc.

Cincinnati. More than an ordinary amount of breakage of locks on lockers is reported.

NLRB Hits Union Hiring Role

Board frowns on contractors' custom of calling on unions to fill vacancies in construction gangs. It's illegal under T-H, the board says.

Employers who, through the years, have found it easiest to get workers by calling upon their unions got a jolt last week. The National Labor Relations Board warned that it's just as illegal to give union members a preferred status in hiring as it is to restrict hiring to union members only.

NLRB went out of its way to issue the ruling in a case involving a major building contractor, F. H. McGraw & Co. And it emphasized the warning by applying it to all projects on which the company deals with the International Union of Operating Engineers (AFL).

In its decision, the board struck at a prevalent hiring practice in the construction industry—and one found frequently in other industries with traditional closed-shop backgrounds. It seems to mean that the board will no longer look the other way where preferential hiring is going on.

• T-H Taboos—Since 1947, when the Taft-Hartley law went into effect, F. H. McGraw and other contractors have had a ticklish problem. Their labor supply is short, yet they have to keep up with urgent building schedules. This gives them a poor choice:

• If they disregard their traditional closed-shop relationship with building-trades unions, and employ nonunion men, they're in for trouble. Union craftsmen won't work beside nonunion men.

• If they go along with tradition and hire only union workers, through the building trades union, they are violating the spirit—if not the letter—of the federal labor law, which bars not only the closed shop but also preferential-hiring practices.

Taking a realistic view of the situation, most contractors have strung along with their unions. They have signed areawide contracts that require the practice, doubtful under T-H, of hir-

ing workers only through the local union office.

• Practical Value—There is more in this policy than just a sop to building-trades unions. Employers have found it a practical approach to hiring for projects on out-of-the-way building sites, and in cases where there is a crying need for skilled workers.

In such cases, they consider the local union office the best place to find men quickly.

Contractors say that hiring through a telephone call to the union saves time and frequently is a guarantee of getting a man with a necessary degree of skill.

Contractors and other employers have argued in Washington in defense of the union-hiring-hall approach to employment. They've got this concession: It's O.K. to use a hiring hall, if nonunion as well as union people have a chance at jobs filled there.

Technically, this is the policy being followed today in many "legal" hiring halls. But, critics say, few if any non-union applicants ever get jobs.

• Preferential Plan—Most construction-industry contracts provide that nonunion craftsmen can be hired—but bow to T-H—but only after union men.

The agreement between F. H. McGraw & Co. and Local 181 of the International Union of Operating Engineers (AFL)—basis of the NLRB action—is typical. Local 181 has an agreement with contractors in the Paducah area requiring the hiring of operating engineers through the local's office. When the McGraw company got the atomic-energy plant job, it agreed to abide by the areawide pact.

Following the prescribed procedure, McGraw listed all job vacancies with the Local 181 office. The local then sent the number of men requested to the building site. If they qualified for

the open jobs, they were hired. First choice was members of Local 181; second choice, members of another local of the international union who had paid a permit fee to Local 181; last choice, nonmembers of the union who had been cleared for employment after paying a permit fee.

• **Complaint**—For eight months, all jobs in the operating-engineer jurisdiction were filled through the union without complaint. Then a job applicant, not a member of Local 181, protested to NLRB that he had been denied a job with McGraw because the local wouldn't clear him, and McGraw wouldn't hire him without the clearance. He charged company and union with a T-H violation.

• **Decision**—By a 4-to-1 vote, the board ordered McGraw and the union to cease operating under the preferential-hiring clause.

Further, NLRB wrote its ruling to cover "any and all" projects under McGraw contracts with the International Union of Operating Engineers and its locals.

• **Appeal**—McGraw moved last week to appeal this sweeping order in federal higher courts. It prepared briefs pointing out (1) that the complaint on which the case went to NLRB had been dismissed by the board, on the advice of a trial examiner; (2) that NLRB then went "far beyond the complaint, as filed" to rule out the McGraw-Local 181 hiring clause; and (3) that the board "further erred in extending its ruling to projects outside the Paducah area—inasmuch as . . . no evidence or proof whatsoever" of discrimination was produced.

The company said that "not a single employee, nor any applicant for employment, has ever complained of any discriminatory employment practices."

• **Rebuttal**—Answering, the board explained that the original complaint of discrimination was dismissed on a technicality; it involved a foreman's job, and T-H doesn't apply to supervisory workers. The board insisted that didn't bar a ruling that the practice of hiring only union members, on the recommendation of Local 181, was illegal.

NLRB added that if it had limited the remedy—the order to stop preferential hiring—to Paducah, the practice might have continued elsewhere.

• **What Now?**—McGraw, while fighting the NLRB order, doesn't expect any direct troubles from it now. Its employment of operating engineers is about at the peak. Fewer, rather than more, will be needed. So the company doesn't expect to be hiring.

As far as other unions are concerned, and other contractors as well, it's a good guess that the preferential-hiring custom will continue as is, but only through an unwritten understanding.



Former WSB member Bullen chosen as . . .

Law Firm Hires Layman; He's a Labor Expert

Preventive medicine is often better than law as an approach to labor troubles. That at least is the thinking behind a recent move by Kave, Scholer, Fierman & Hays, New York corporation lawyers. The firm has hired as its industrial relations "doctor" Frederick H. Bullen, who resigned his job as vice-chairman of the Wage Stabilization Board to take the new post. Bullen had been with WSB on leave of absence from the position of executive secretary of the New York State Board of Mediation.

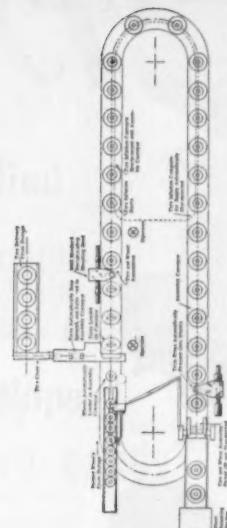
This is probably the first time any major law firm has hired a full-time labor expert who is not a lawyer. Bullen brings to KSF&H the kind of experience few lawyers possess.

The firm, which numbers among its clients such companies as Baldwin-Lima-Hamilton Corp. and Armour & Co., thinks it can make clients' labor-relations life easier if it can discover the causes of walkouts, grievances, and other friction. This requires probing, surveying, and evaluation of management attitudes, employer-worker communications, and similar problems.

It also means making recommendations on such matters as foreman training. None of these involves the law. These operations will be in Bullen's bailiwick.

Bullen will also work on negotiations and grievances, but both he and the firm see this kind of activity as a relatively small part of his job, though many of his duties will include working directly with unions in clients' plants. "For this work," said one KSF&H partner, "Bullen is ideally suited. He's a man whom both sides trust."

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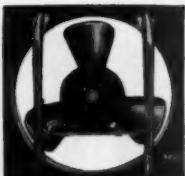
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TYPE 'CB' PRESSURE BLOWERS

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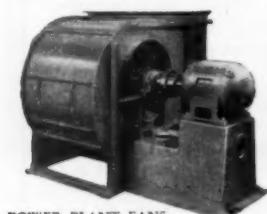
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Air Handling Units
To Satisfied Customers
Since 1877

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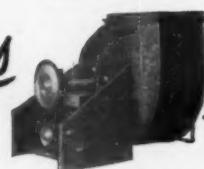
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POWER PLANT FANS



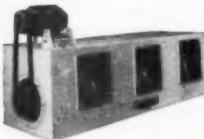
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BELTED VENT SETS



BELT AIR FANS



SHORTBOY VENTILATING SETS



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LABOR BRIEFS



Victory in Chicago federal court for David L. Behncke (above) may restore his job as president of the Air Line Pilots Assn. (AFL). The court held that his ouster on July 16, 1951 (BW-Jul.28'51,p34) from the job he had held since 1921 was illegal under ALPA's constitution. An appeal is planned by the union's 215-man board, which had voted to fire Behncke.

Public irritation with labor's union-shop demand has led CIO's Communications Workers of America to drop that issue in telephone-industry bargaining. It will concentrate on wage and pension issues.

"Disloyal" unions should be barred from defense plants, CIO's International Union of Electrical Workers argues (BW-Jun.28'52,p130). IUE wants Congress to bar employers with defense contracts from dealing with "security risk" unions—including, says IUE, its rival, the leftwing United Electrical Workers.

Purchase of a new mill site at Tifton, Ga., by American Woolen Co. is stirring new worries in New England woolen-worsted centers. The company hasn't said yet what it intends to do at Tifton, but Francis White, American Woolen president, is on record as saying that "over 50%" of New England's mills must move south or close down.

A jurisdictional fight looms between AFL's Amalgamated Meat Cutters & Butcher Workmen's Union and CIO's United Packinghouse Workers. The AFL union last week set up a \$2.5-million "war chest" and assigned 100 organizers for the fight. Two years ago, the rival unions signed a "no raiding" agreement.



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FORCED DRAFT PRESSURE BLOWING HEATING COOLING
 VENTILATING AIR CLEANING AIR TEMPERING INDUCED DRAFT EXHAUSTING



Clayton Wilson (right) was born on a rising tide of good farming. His family—Country Gentleman subscribers of Tennessee—began row crop farming with mules, now operate a prosperous mechanized dairy farm.

What happened to the farm boy and his bag of hard candy?



These farm youngsters have heard their folks talk about it . . .

Plodding trips to town by horse and wagon—rare trips when the crop was in—and a nickel to spend at the candy counter of the general store.

That was something that happened a long, long time ago. This afternoon the car is parked on the courthouse square. Dad is down at the implement dealer's to see about a new corn picker. The truck and two tractors and the machinery in the shed have already paid for themselves—and there's a bigger crop in the fields to harvest this fall.

Mother is over at the market buying the week's groceries. A clerk will carry her bags to the car—and she still has calls to make at the dress shop and appliance store.

Then together at the movies . . . and the ride home, the chores, supper—and to bed.

What happened to the farm boy and his bag of hard candy? Well, he could be you—people are always just about our most important farm crop.

But more likely he grew up to become a farmer who puts power machinery and electricity and chemicals to work . . .

A farmer who produces to sell and invests his profits in security and a good life for his family—a comfortable home and time to enjoy it . . .

A man whose own boy now rides to town in a shiny new automobile for ice cream sodas at the drugstore fountain on Saturday afternoons.

"The American farm is more than a production plant—it is a place to live. We miss the point of all this progress in agriculture if we do not see that the end product of good farming is good living."—The Editors of Country Gentleman.

Country Gentleman

*The family magazine for
better farming . . . better living*



BUSINESS ABROAD



- On the second anniversary of the Korean War, South Korea's 77-year-old president, Syngman Rhee (left), threatens to upset the United Nation's \$20-billion applecart.
- Just before his term expired, he overrode the Korean constitution, set up a near dictatorship.
- Rhee's get-tough tactics plus the sorry state of the government's economic affairs may push the country further along the road to communism.
- It will take a thorough housecleaning and an export-boosting program to get Korea back on its feet and keep it there.

Power Play Splits South Korea

Yalu bombings, stepped-up ground fighting, and the agonizing truce talks at Panmunjom alone won't decide the fate of South Korea. One old man's whim will play an important role, too. Last week, gray and wrinkled Syngman Rhee, president of South Korea, managed to override the Korean constitution and set up a near dictatorship. On the second anniversary of the Korean War, his policies defied the U. S., the United Nations, and a majority of free world opinion.

• **Repercussions**—The situation looks nasty. And it threatens the entire six-year, \$20-billion U. N. effort to set up, and—since 1950—defend a free and independent Korea.

Military and diplomatic observers in Pusan fear that unless Rhee's get-tough tactics can be curbed, and the government's economic house put in order, the country could go Communist by default in a few years' time.

More immediate problems are the reactions at home and abroad to the recent goings-on at Pusan. Nations which a few weeks ago would have supported large-scale U. N. relief spending in Korea may well be soured by the political picture. Within Korea itself, doubts are growing that a de-

fensible, economically healthy South Korea can be created.

• **Election Flare-Up**—Trouble began with the approach of presidential elections. Under the Korean constitution, the 183-man National Assembly elects the president every four years. Seventy-seven-year-old Rhee's term is up late this month, and an election was due last week with the majority of the assembly standing against Rhee. But Rhee, bitterly anti-Communist, claims that political enemies are fixing to sell out to the Reds once he's out of office.

Insisting that the "real will" of the Korean people supports him, Rhee declared the assembly's elective power null and void. He slapped on martial law, locked up some uncooperative assemblymen, called for a constitutional amendment allowing popular election of the president.

Events came to a head last week when the pro-Rhee faction, taking advantage of an assembly boycott by the opposition, hustled a motion through that would keep their leader in power indefinitely. The day after, an assassination attempt on Rhee by a Korean fanatic misfired.

• **Policing the Polls**—Most of the opposition, however, were content merely

to holler murder. They're afraid that Rhee's tough police squads and youth groups would see to it that only pro-Rhee votes were counted in an election. That means, they say, continuing corruption, economic mismanagement, and oppression.

One hope may be an about-face by Rhee himself. There's the possibility that in the face of strong opposition, legitimate doubts about his tactics, and worldwide censure, Rhee will ask the U. N. to supervise the election of a new assembly.

I. Was It Worth It?

Meantime, disillusion is spreading in South Korea. The incompetence of top-level government in Pusan is known to everyone; younger men with skill and drive aren't given a chance to help rebuild the country. You even hear doubts as to whether the last two years' struggle was worthwhile.

That's an extreme reaction, to be sure. But the drift in opinion is apparent. Refugees from North Korea say there's more freedom for them in the South, but insist that the Communists aren't corrupt.

Another decisive force is the police.

COOLING HOT PASSENGERS... FEDERAL NOARK® BUS DUCT

Home Minister Lee Bum Suk presides over a tough, often brutal, police corps; one police chief in the Pusan area has the reputation of creating 10 guerrillas for every one captured.

II. Bad Management

Coupled with near-totalitarianism, economic mismanagement is sapping the determination of loyal Koreans. Inflation is rampant, production low, exports lagging. True, war's destruction and the won (Korean currency) advances to help pay the U. N.'s expenses are partly to blame. But a major responsibility rests with the Pusan government, which flagrantly pursues inflationary policies.

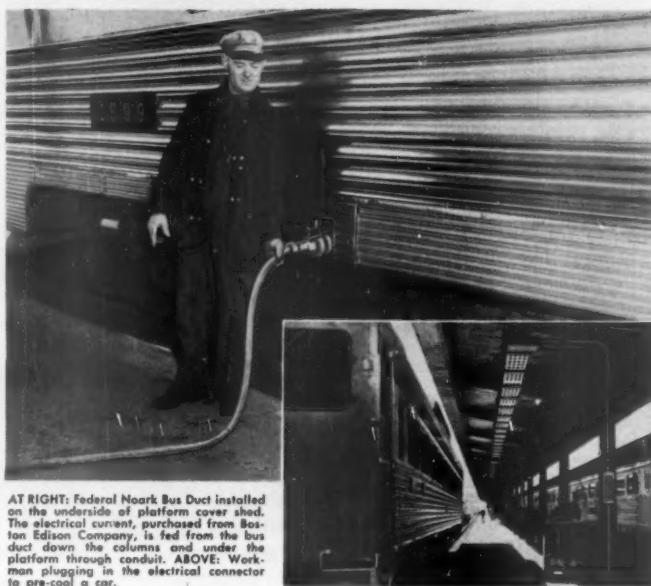
• **Unsound Banking**—The biggest contribution to inflation is the practically unrestricted loan business of the Korean banks owned or controlled by the government. During the six months ended in March, bank loans increased by 200-billion won; in the first two weeks of May, by 40-billion. Well over half the loans are unsecured by any collateral, nearly half the loans outstanding are overdue.

The banking system is simply a lending agency of the government—which has the say on who will and who won't get loans. If it's politically expedient, loans are made for any project. But anti-Rhee people can't get money for even the soundest projects.

These loan policies show up partially in low production; most of the credits go to state enterprises including textile mills, transport, communications, power, tungsten and coal mines taken over from the Japanese. Many of the properties haven't even been sold, just turned over to political cronies. There's none of the incentive and responsibility that goes with private ownership.

An exception for the time being is the Sangdong tungsten mine, run by a topnotch mining engineer. But there's a movement afoot now to supplant this man with a political appointee with no experience in mining.

• **Exchange Snafu**—Foreign exchange practices of the Pusan government add to the problem, often resulting in losses of dollar exchange. The official dollar-won exchange rate is held at \$1 equals 6,000 won, while the open market runs from 10,000 won for military scrip to 20,000 for greenbacks. That only helps to subsidize friends of the government who receive official exchange for imports. For example, the Masan Soy Sauce Co. recently received over \$100,000 to buy abroad. Since Masan's products will sell at the open market prices in Korea, the company



AT RIGHT: Federal Noark Bus Duct installed on the underside of platform cover shed. The electrical current, purchased from Boston Edison Company, is fed from the bus duct down the columns and under the platform through conduit. ABOVE: Worker plugging in the electrical connector to pre-cool a car.

BOARD A SLEEPING CAR at Boston's South Station during the hottest summer weather... and you'll find the car cool as a cucumber, even if it's hours before train time. To assure such passenger comfort—and make certain that cars start their run with batteries fully-charged—the New York, New Haven & Hartford has installed a Federal Noark Bus Duct system which brings supplementary electrical power to several tracks in the terminal.

Solution to a thousand problems

Wherever there's the dual need for distributing electrical power and for providing outlets at frequent intervals, Federal Noark Bus Duct is today's most efficient, safe and economical answer. And Federal Noark engineers are always ready to cooperate with architects, builders and contractors in working out the details of any bus duct installation for new or existing structures.

Today's fastest-growing line

Design leadership in the field of electrical equipment has created an extraordinary demand for Federal Noark products and necessitated a wide expansion of manufacturing facilities. At present there are five big Federal Noark plants strategically located across the U. S. Another is nearing completion at Dallas, Texas.

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FEDERAL NOARK

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stands to double its money straight away.

III. Hope for the Future

Given a truce, a government house-cleaning, a limited drain for support of the army, plus some rehabilitation assistance, U. N. observers in South Korea think the nation could come close to being self-supporting within five years' time. There's a wealth of minerals, promising fish and farm products for export. There might even be enough exports to balance import requirements—roughly figured at \$90-million worth of cotton, wool, rubber, fertilizer, oil, some iron, steel, and machinery.

Mineral sales—which could reach \$30-million or more—head the export list. Korea could export good rice, eat lower-grade imported grains and wind up with a favorable export balance of perhaps \$20-million. Fish sales might bring as much more. And construction of a fertilizer plant in South Korea would lop off the biggest import item of all—scheduled at \$30-million yearly.

Rehabilitation requirements to achieve these goals shape up like this:

Agriculture: Besides fertilizer, some rebuilding of the irrigation system and reclamation of about 750,000 acres is needed. Reforestation is a must, thanks to indiscriminate cutting in recent years. A government decree banned private cutting, but actually it has increased. The army and the police have taken it over as a highly profitable near-monopoly of the fuel business.

Fishing: Re-equipping Korea with fishing boats is now under way; canneries and freezing plants are needed too. For the time, the U. S.-run United Nations Civil Assistance Command (UNCACK) is trying to persuade Koreans to dry and salt fish for their own use. But some fish are spoiling because UNCACK's salt hasn't been handed over to fishermen.

Mining: Foremost requirement is a new mill at the Sangdong tungsten mine, something ECA had blueprinted just when the war broke out. The cost might be \$1.5-million, but it would double Korea's tungsten exports to perhaps 5,000 tons. Beyond that, there's little direct help needed. Mineral exports might shoot up fast if private business could operate the mines.

Today, it looks as if some coordination is coming to the previously disjointed relief effort in Southern Korea. UNCACK's operations have by and large been directed at short-term relief, preventing disease and distress behind the U. N. frontline. Lately, it's begun to mesh its work with the U. N. Korean Reconstruction Agency, which is charged with the longer-term responsibility.



BOMI HILLS concession of Liberia Mining Co. has 40-million tons of high-grade iron ore, promises profits of \$7-million to \$18-million to U. S.-owned company. Now . . .

Liberia Asks 50% of Profits



MONROVIA ore docks ship 1-million tons yearly, most of it to U. S. steel mills.

The West African republic of Liberia wants a better deal. With an eye on the newly-emerging pattern in the world oil industry, Liberian president William V. S. Tubman has asked the U. S.-owned Liberia Mining Co. for a 50-50 share of the company's iron ore profits.

Just a year ago, Libminco began working its iron ore concessions in the Bomi Hills, 42-mi. northwest of Monrovia, Liberia's capital (BW-Mar. 25 '50, p136). Recently Libminco has been shipping at a million-ton-a-year rate. Much of the ore goes to Republic Steel Corp., major stockholder of Libminco.

Right now, Liberia gets only 5¢ a ton on all ore shipped—maybe \$50,000 a year. Tubman told U. S. stockholders of Libminco last month that the present contract, signed in 1945, was "unjustly" weighted in favor of the company.

Fortunately, there's little or no bad feeling in the dispute. Libminco stockholders believe the contract renegotiation was inevitable, apparently agree that Liberia rates a new deal. Lansdell Christie, president of Libminco, expects a "pleasant, amiable" settlement soon.

ICI Exports Up

Imperial Chemical's post-war expansion program is paying off at home and abroad.

Imperial Chemical Industries, Ltd., made a proud boast the other day: It is now exporting more than any other British firm.

ICI exports from its British plants totaled £58-million (\$162.4-million) in 1951—an increase of 21% over the previous year. If the company continues its present weekly rate of well over £1-million, this year's total exports should at least equal last year's.

The Market—Most of the recent gain in ICI's exports has been picked up in the sterling area and in Europe. European sales increased everywhere except in Spain, where import restrictions took their toll. And in the Middle East, where German competition was stiff, sales dropped.

Sales to the U. S. just about held their own, amounting to \$4.9-million. ICI hopes to sell more dyestuffs and pharmaceuticals in the U. S., but so far has been stymied by the tariff and customs wall. The company's subsidiary, Arnold Hoffman & Co., with three small dyestuffs plants in New England, might provide a way around this barrier.

Almost every ICI division boosted its foreign sales last year. But gains were greater in some products than others. Pharmaceuticals and plastics led the way. Record sales were reported all along the line in the pharmaceutical field. The plastics division reported an increase of 40%, with phenol formaldehyde moulding powders and polyvinyl chloride most in demand.

In some lines, sales increases were held down by shortages. The general chemicals division had some difficulty in filling orders for insecticides and chlorine. The alkali division had to ration its customers in the early part of the year, then found itself faced with stiff overseas competition in the latter part.

Healthy Family—ICI's overseas producing subsidiaries are expanding along with the parent company. The Australian-New Zealand company has increased its capacity to a point where 59% of ICI sales in that area represent locally produced goods. ICI (India) Ltd. found strong competition from Germany in the dyestuffs field, but sales of industrial explosives, paints, and plastics increased substantially. The Pakistan branch reported a gain of 25% in sales.

The rise in domestic sales was almost



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Patents Pending

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Just right for you!

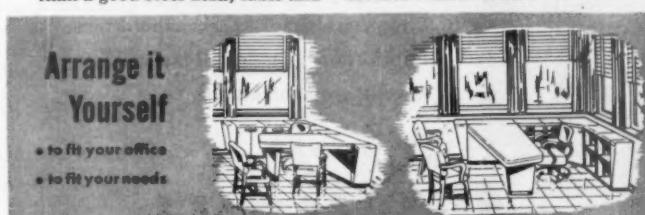
Rock-a-File MODULAR—the versatile office furniture. Precision-engineered for complete interchangeability to suit your individual taste and personal working habits.

Here is the utmost in comfortable, working efficiency combined with smart, modern appearance that is economical, too. A complete Rock-a-File private-office interior layout *actually costs less* than a good steel desk, table and

four-drawer file cabinet combination.

Any combination of Rock-a-File MODULAR units—desk, file, bookcase, waste receptacle, typewriter cabinet, corner cabinet and shelf storage cabinet—easily connect to companion units to best fit your office space.

Steel construction throughout, available in gray or walnut finish—also available in wood with natural walnut finish.



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as impressive as the increase in the foreign market. Sales at home reached £263-million in 1951, a gain of 19% over 1950. This, added to overseas sales, gave ICI total profit of £40-million before taxes—up about one-third from 1950.

• **Full Steam Ahead**—With profits like these rolling in, ICI is pushing ahead with its big postwar investment program. Since 1945 more than £90-million has been spent on capital development, and projects now underway, or approved, represent a further investment of £78-million.

BUSINESS ABROAD BRIEFS

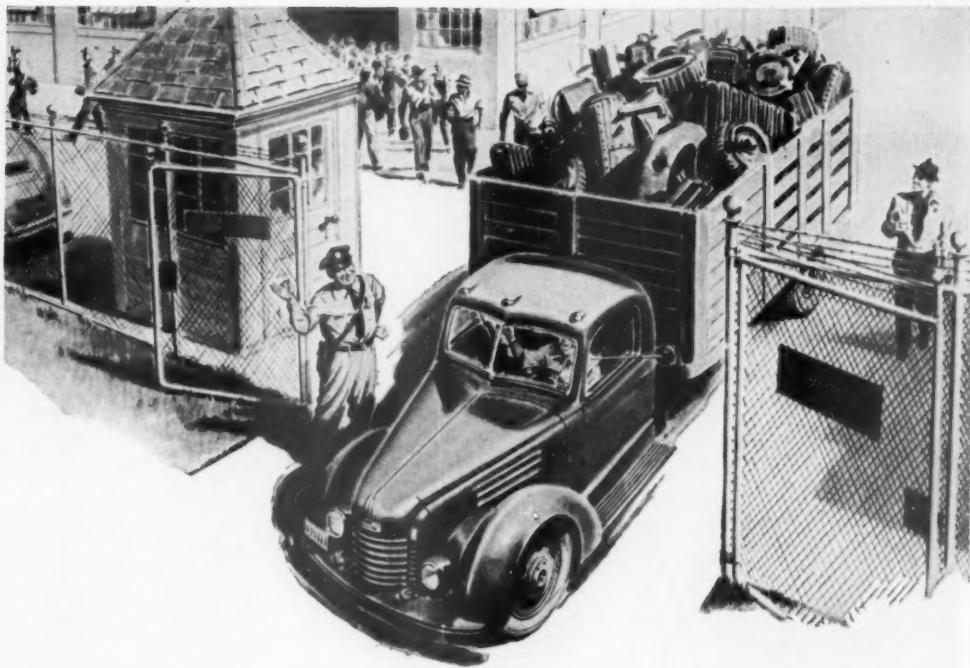
Back in business: Shares of I. G. Farben, Germany's largest industry, are back on the stock exchanges in the Federal Republic. The shares had been frozen while the Allies worked out a splitup of the huge chemical trust; eventually the old reichsmark shares will be exchanged for those of the 12 successor companies. . . . Hjalmar Schacht, Hitler's financial wizard lately employed as a consultant to various foreign governments, may open his own private foreign exchange bank in Hamburg. It's reported that Schacht has some industrial deals on the fire in Spain and North Africa, too.

Japanese plywoods are making a bow in the U. S. The Oriental Plywood Co. has set up shop as a national distributor in Portland, Ore.

A. C. Nielsen Co., Chicago market research firm, has established Nielsen Food & Drug Index Services in The Netherlands, with 12 contracts to report on Dutch retail sales. It's Nielsen's fourth foreign affiliate.

A new laboratory in Venezuela is in the works at Parke, Davis & Co., Detroit. President Harry Loynd says the new branch will manufacture almost all of P-D's 1,000 different drug products, fit into an expanding Latin American network which includes a new facilities building in Buenos Aires, Rio de Janeiro, and Havana.

German exporters are stealing the Argentine farm equipment market from U. S. manufacturers. According to official Argentine figures, West Germans have outsold their U. S. competitors two to one: Out of \$41.5-million of import permits issued so far, \$21.3-million went to Germans. U. S. outfits, led by International Harvester, have \$12-million in permits. Canadians have \$4-million, British, Austrian, French, and Czech manufacturers split up the rest.



Scrap's valuable!.. Scrap's precious!

It's needed... badly... to maintain vital steel production.

Every plant has some—search out the iron and steel scrap in yours

Among the *most-needed* industrial commodities, today, is *junk*.
Yes—junk iron and steel, called *scrap*.

One half of the ingredients in making new steel is *old* iron and steel—collected from the waste of metal-working and from obsolete products made of steel.

6,000,000 EXTRA TONS NEEDED

Today, not enough scrap is being obtained from *normal* sources to meet the demand of increased steel production.

We must get *more* scrap from other sources. One of these sources may very well be *your* place of business.

NON-FERROUS SCRAP IS NEEDED, TOO!

***This advertisement is a contribution.
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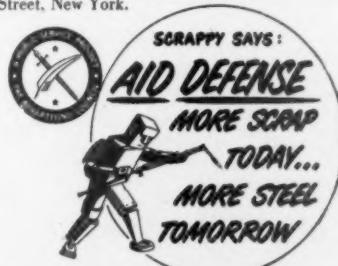
NEW YORK 36, N.Y.

HERE'S WHAT'S NEEDED

For help in this emergency, search your place for scrap; specifically: obsolete machinery and equipment . . . no-longer-used jigs and fixtures . . . worn-out or broken chain, wheels, pulleys, gears, pipe, etc. . . . abandoned metal structures.

If it's gathering rust or dust, it may be scrap—and more valuable being remade into steel than cluttering up your premises.

Write for booklet, "Top Management: Your Program for Emergency Scrap Recovery", addressing The Advertising Council, 25 West 45th Street, New York.





HOW MANY FEET TO A FOOT?...

A one-foot length of this six-strand, steel-sinewed piece of wire rope has 150 or more feet of wire. And each wire in this precision product must be accurate within a thousandth of an inch.

It wasn't always so. But deeper mines and oil wells, higher buildings, greater logging, shipbuilding and construction projects called for stronger, safer rope . . . without increase in diameter. So rope engineering became a science.

SINEW OF INDUSTRY...

Special steels with the right combination of fatigue and abrasion resistance . . . skillful wire drawing . . . lubricant-saturated fiber centers . . . and scores of sizes, grades and "constructions" are necessary to meet today's wire rope requirements.

Wire rope manufacture represents the contributions of countless craftsmen whose challenge was industry's need . . . whose accomplishments, industry's gain.

AMERICA WORKS LIKE THAT...

Keeping alert to the needs of business and industry . . . and meeting them under competitive conditions . . . has characterized America's growth.

And keeping people abreast of these developments is the job of America's all-seeing, all-hearing and reporting Inter-Communications System.

THE AMERICAN INTER-COM SYSTEM...

Complete communication is the function, the unique contribution of the American business press . . . a great group of specially edited magazines devoted to the specialized work areas of men who want to manage better, design better, manufacture better, research better, sell better, buy better.

COMMUNICATION IS OUR BUSINESS...

The McGraw-Hill publications are a part of this American Inter-Communications system.

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. . . for the editorial pages tell "how" and the advertising pages tell "with what."

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HEADQUARTERS FOR BUSINESS INFORMATION





Clean Air and Telephones



The dial 'phone is such a familiar part of each day's transactions that we forget the intricate pattern of precision mechanisms which make it function. Take the automatic dial exchange. This "nerve center" of the system contains infinitely complex relays of minute contact points that require clean air to function properly. A mere particle of dust or smudge of soot on a contact may throw an entire series out of order and seriously interrupt service. That is why clean air is a must with dial telephones.

Write for "Dust, Dollars and Dividends" . . . the dramatic story of dust, its problems and their profitable solution.

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ELECTRONIC
PRECIPITATORS



AIR FILTERS



ROTO-CLONE
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 5, 1952



A

BUSINESS
WEEK

SERVICE

U. S. policy is stiffening and may force Stalin to show his hand this summer. Washington now has the pressure on both in Germany and Korea.

• Bombing of the Yalu power plants is a warning to Moscow that we can still dish it out. It will pinch the Reds militarily and economically. And it will cost the Russians some face unless they answer back.

• Secretary Acheson used tough language in Berlin this week. He said the West could not be pushed out.

• Washington, London, and Paris have agreed to send Moscow a new note on Germany. It will invite the Russians to talk over free elections—but only if the talks stick strictly to the question of an election survey commission. This should clear the air as to Moscow's real game in Germany.

• Secretary Acheson's big problem is to keep France and Britain behind his policy of firmness.

Already there are signs of nervousness in both countries. And nerves will grow more taut as the summer goes on.

The British are worried by the Yalu bombing. They think it could set off a bigger war in Korea.

The French are bothered by the whole trend of our policy toward Russia. They think we're running too big a risk of provoking general war.

• Acheson's Berlin statements got a poor reception in Paris. Few Frenchmen like the thought of going to war to save the old German capital.

In fact, the French have the jitters over our policy in Germany. Even if the upcoming Western note smokes Stalin out on the issue of free German elections, the French probably will drag their feet on West German rearmament.

• Currency experts in New York take a dim view of London's chances to hold the pound at the official rate of \$2.80.

There's not much talk of a big run on sterling such as there was last fall. But the experts don't see how London can rebuild its gold reserves much above the present \$1.7-billion figure.

• So they predict steady pressure on sterling—and finally a decision to unpeg the pound.

As for the likely level of a free pound, the guessing goes this way: If London acts before the short position in sterling gets too big, the rate should settle around \$2.50. If London waits too long, it might go considerably lower.

• Don't look for much to come out of the cabinet shuffle in Cairo.

Hilaly Pasha was fired as premier for two reasons. On the one hand, he failed to expose all the corruption in the previous Wafd government. On the other, he's blamed for not easing the financial crisis in Egypt.

But at the bottom of the Egyptian crisis is the deadlock with Britain over the Suez and the Sudan. And Sirry Pasha, the new premier, isn't expected to get any nearer to a solution of that problem than Hilaly has.

• The Administration batted .667 this week in its effort to hold the line against protectionism. Two out of three trade-limiting amendments to the Defense Production Act were quashed. The lineup:

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JULY 5, 1952

• The Ramsay Amendment cutting back imports of products containing scarce materials was killed outright (BW-Jun.28'52,p142).

• A measure that would have banned U. S. participation in the International Materials Conference was liberalized. The U. S. may continue to abide by IMC allocations of raw materials, though our buyers get the right to bid freely on unused portions of any nation's IMC allotment.

• But the "Cheese Amendment", imposing quotas on fats, oil, and dairy product imports, remains virtually unchanged.

Meantime appeals for tariff relief keep coming. This week it's the wood screw manufacturers. They say orders plummeted 53% during the first quarter—thanks largely to imports.

• Britain's cotton textile trade shows signs of coming back to life—both in home and export markets.

Inventories are considerably lighter at cut prices; wholesalers and retailers are beginning to restock their shelves.

Though the industry is unlikely to regain full capacity, an important part of it should become fully competitive after the current slimming-down. Expansion plans are going right ahead—especially in high quality lines.

As for wool: No upturn in sight yet.

• A \$175-million-a-year expansion has been blueprinted by the British steel industry. The goal: 4-million more tons of capacity in five years (it's 16-million tons now).

A British study team just back from the U. S. notes that the chief difference between the two steel industries is plant size. It recommends that future British steel mills have a minimum capacity of 1-million tons, plus wider integration of finishing processes.

Nationalization was ignored completely. The steelmen themselves drew up the expansion plan; the government gave its blessing. But return of steel stock to private owners is still far away, due to the stock market slump.

The World Bank may soon be financing a big steel expansion in India. The leader of a Bank mission said in New Delhi this week that agreement "in principle" had been reached with the Nehru government.

India's steel production is far below the country's needs. Last year output was just over 1-million tons. Demand was rated at better than 2-million.

The Indians have been talking of adding two 500,000-ton mills. And recently Japanese interests offered to build one of these on a joint basis with Indian interests.

But a World Bank project is likely to be in the 1-million ton class.

• Queen Elizabeth is running into some salary trouble with her stockholders, the British people.

Parliament has proposed \$1.3-million for the Queen, \$112,000 for the Duke of Edinburgh. But there's some uneasiness, not from the leftwing, but from middle groups. The Manchester Guardian says that the pageantry and color paid for out of the royal purse are O. K., but asks that extravagant entertaining of small groups, receptions for U. S. debutantes, etc., be cut out.

WHICH costs more... the painter or the paint?

As anyone connected with industrial maintenance knows, the cost of *labor* is *at least 80%* of total painting costs.

So, it figures that any paint that slashes labor costs saves *real* money on any paint job.

Barreled Sunlight Paints may cost a little more . . . but they save *big* money where the *big* money goes . . . and they save four important ways on paint costs. Here's how:

1. Barreled Sunlight takes more thinner — and that means more paint ready for use and, actually, lower material cost.
2. Furthermore, Barreled Sunlight "hides" better — even after thinning, Barreled Sunlight often does a "bang-up" job in one coat where ordinary paint calls for two.
3. What's more, Barreled Sunlight covers more square feet per gallon — takes fewer gallons than other paints to do the same job.
4. And finally, Barreled Sunlight goes on faster... easier...this easier "flow" of Barreled Sunlight cuts painting costs . . . saves painter-hours.

Claims are easy to make . . . but we *prove* 'em.

An actual "on-the-wall" test — right in your own plant — will *prove* the cost-cutting features of Barreled Sunlight. For proof you can *see*, write Barreled Sunlight. Our representative will be glad to arrange the test — at your convenience and absolutely without obligation. Write today.



The famous Barreled Sunlight "on-the-wall" test lets you see with your own eyes why the true yardstick of paint value is not price per gallon but *cost per square yard* for material and labor. Men responsible for volume paint purchases in leading industrial plants and other large buildings have seen it and been convinced. May we show it to *YOU*?

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Barreled Sunlight Paints

In whitest white or clean, clear, weathered colors,
there's a Barreled Sunlight Paint for every job

IT ALWAYS COSTS MORE NOT TO PAINT!

For over half a century those who know the best in paints . . . for all types of buildings . . . have strongly insisted on famous Barreled Sunlight

REGIONS



THE GHOST WALKS on the Ute reservation in Utah, where some 1,700 Indians col-

lected their biggest bonus—\$200 per capita—since oil was discovered on their land. There was a stampede to nearest trading posts.



CLOTHING was high on shopping lists. Young Utes have much the same tastes as small fry anywhere.



AUTOMOBILES are a must on isolated ranches. But luxury models were passed up.



OLD DEBTS were paid up. Storekeepers, who had expected an all-out spending spree, had to send out for an extra \$10,000 for making change.



APPLIANCES boomed as squaws outfitted kitchens.

Wampum-Heavy Utes Go to Town

The once destitute Utes, who inherited the dregs of the Utah sagebrush country, have struck it rich for the second time in a year.

Last November, the Indians collected the first instalment on a \$31,938,473 judgment for land in Colorado which the government had relieved them of in 1881. More recently they cashed in on oil which was found on their reservation. Now each of the nearly 1,700 members of the tribe is receiving oil bonus money—the latest and biggest coupon clipping netted each Ute \$200 in cold wampum.

To a prolific tribe whose per capita annual income in 1939 was only \$189, that was real wealth; \$200 per head added up to \$1,600 for a family with six children. And that is just the beginning. More of the judgment money will be coming through. So will more

oil bonuses, more rental payments, and more royalties. The lowly Ute is fast heading into the higher-income bracket.

- **No Cadillacs**—But unlike a lot of get-rich-quick tribes, the Utes aren't going hog-wild. They're using most of the money to improve their lands, and on long-range projects to raise their standard of living and to make themselves self-supporting.

Some of the money is earmarked for bringing water and electricity to the reservation. Homes are being built, land is being cleared and irrigated. Cattle and sheep are appearing on their farms. Tribal business projects are being expanded—one of these is a sawmill that furnishes lumber as the Indians move out of their shacks and tepees into houses.

As the money reaches the tribe, most of it is put into a tribal fund which is

deposited with the U. S. Treasury. The fund is administered by the Tribal Business Council, the 20th Century version of the old Council of Chiefs. The \$200 payment, however, was made to the Indians on an individual basis.

- **Shopping Boom**—As soon as the Indians received their checks, they made a beeline for the shopping centers. The nearby towns of Roosevelt and Vernal were happy hunting grounds for both Ute and merchant. While a little of the money went for liquor (furnished by cooperative bootleggers) and a few luxury items, mostly the Indians bought things they really needed.

Since most of the families live miles from town, there was brisk bargaining for cars of the utility type. Bucks garbed in bright shirts and Levis bought new cowboy-style boots, western hats, and farming equipment. Their squaws

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The life mission of a Jones & Lamson Comparator is to expose by visual inspection any existent flaws (or verify accuracy) in parts or products. This precise optical instrument inspects and measures anything from dental burs to bottle caps — pen points to propeller shafts — and assures product conformance to previously established quality standards. Quite possibly, a J & L Comparator can help you make your product better, by making your inspection and measurement methods more accurate, more rapid and more economical.

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for Jones & Lamson's new booklet,
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Gentlemen: Please send me your booklet, "Comparators — what they are and what they do."

NAME _____
TITLE _____
COMPANY _____
STREET _____
CITY _____ ZONE _____ STATE _____

"... Business was better than usual that day . . ."

UTES starts on p. 90

—many of them with papooses strapped to their backs—waddled into appliance stores and clothing and furniture shops. Refrigerators, sewing machines, and home freezers were high on the shopping list.

• **Ethics**—In their dealings, the Indians exploded a lot of time-worn myths about their race. They paid their bills promptly. They stocked up only on useful items they considered necessities. And they put some of their money in the bank.

Among the palefaces, there was little hangover from the old trading post bartering methods. Before the bonus checks were distributed, tribal and government officials met with merchants, chambers of commerce, and civic clubs. "Don't try to cheat the Indians," Francis McKinley, Indian coordinator for the tribe, warned. "You can do it once, but next time we'll steer business elsewhere."

The merchants got the idea. They dressed up their windows with an eye to Indian taste, but they didn't hike prices. And since the date of the payment was not announced far in advance, there were few speculators from other areas to horn in on the Indians' trade.

Nevertheless, the Ute bonus was a big thing for the local merchants. "Business was better than usual that day," one Roosevelt appliance dealer said after one family had plunked down cash for a home freezer, an electric stove, and a sewing machine.

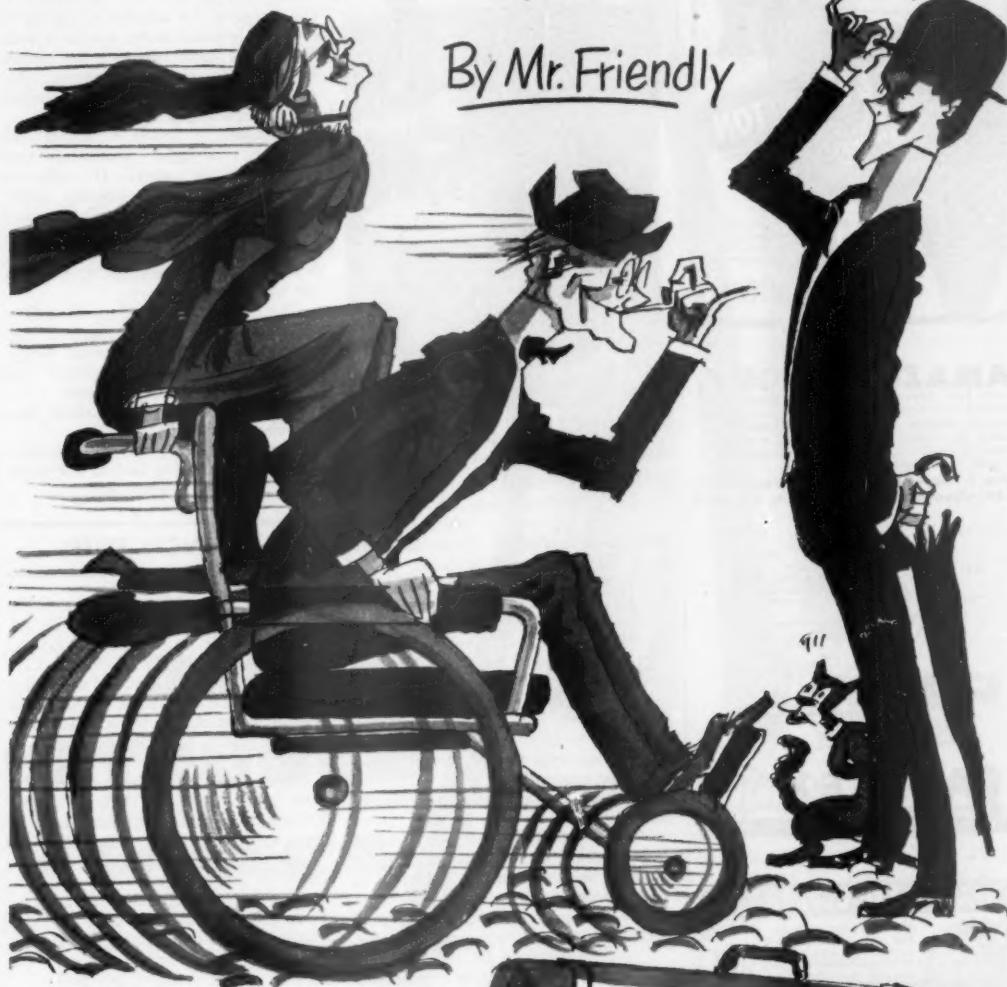
• **20-Year Siege**—Utah towns got their first sampling of the potential Ute market last fall, when the first money from the judgment against the government began to trickle in. Then, some Indians got as much as \$1,000.

To the victorious Utes, it was the spoils of 20 years of warfare. Dr. Ernest Wilkinson, a native of Utah who was then with the law firm of Hughes, Schurman & Dwight, directed the concentrated efforts of more than 70 lawyers in the long litigation over the disputed Colorado land. The U.S. Court of Claims ruled in favor of the Utes, and in October, 1951, Congress authorized payment of \$1,678,000 as the first instalment on the \$32-million judgment.

At about the same time, oil companies were discovering oil on the reservation. In June, 1949, Carter Oil Co. brought in Ute Tribal No. 1 well. Since then, the company has brought in other wells. So far this year, the Utes have received nearly \$2-million from oil, for its tribal fund.

Never underestimate the power of a Grandpop!

By Mr. Friendly



Some folks love to feel sorry for

White-haired people of sixty or more.

They weep reverent tears . . . they sigh and they sob,
But get them to give an old person a job!

To handicapped men they're sweet as can be,
But who can eat well on pure sympathy?

And many young men of sixty or so

Can make an old man of twenty seem slow.

And many a handicapped man can boast

Better work than the man who pitied him most!

Here's a fact or two to prove it's true!

AMERICAN MUTUAL



Service from salaried representatives in 78 offices!
Savings from regular substantial dividends!

THE CASE OF THE FARGO COMPANY

Policyholder: Fargo Mfg. Company, Inc. of Poughkeepsie, N. Y., makers of wire and cable connectors for public utilities.

Employees: 50% "Grandpops" as well as many so-called "handicaps."

American Mutual Service: Helped set up training programs . . . helped install every possible mechanical safety device. **Result:** A much higher rate of production than average, higher morale, lower absenteeism and a lower accident rate!

Moral: If you're interested in all details of this outstanding case history . . . write American Mutual Liability Insurance Co., Dept. B-84, 142 Berkeley St., Boston 16, Mass.

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NEW PRODUCTS



Scale-Down Camera

The Neo-Flow Reducing Camera, a rather specialized item of industrial photocopy equipment, was introduced this week by Peerless Photo Products, Inc. It makes reduced-scale photocopies of any original up to 42" wide, handles anything that's printed, written, or drawn on paper, vellum, cloth, or other material. It reduces in a range of ratios from 6:1 on down, and produces right-reading or mirror-image copies on either sensitized paper or film. Up to five different reduction ratios can be built into any one camera. Price varies with the number of reductions the camera has.

This is what the new unit can be used for:

- Large-scale engineering drawings can be reduced to a smaller size for quantity reproduction on blueprint or similar machines.
- Drawings can be copied on small cards for security or reference purposes.
- Drawings can be reduced to a size suitable for sales or instruction manuals.

The manufacturer claims that the new camera will allow for substantial savings in reproduction paper costs and filing space requirements.

• **Workings**—There's another advantage: The new machine is easy to operate. No special darkroom equipment or technicians are required.

It works like this: The original to be copied is fed into the machine on a conveyor belt (speed: 12½ ft. per min.). It moves into the camera and under an illuminated slot that determines the exposing area. As it reaches the slot, sensitized paper or film automatically starts to move underneath it, at the same speed. The film picks up

the image of the original by means of a simple lens-and-mirror optical system. When the entire drawing has passed beneath the slot, the photographic paper stops unwinding until another original is fed into the camera.

Processing is almost as simple. An automatic daylight processing unit comes with the camera. It's made up of four tanks, for developing, quick-stop, fixing, and washing. The exposed paper or film runs continuously through the tanks and into a dryer. After that, it's rewound on a spool or immediately cut to size.

The camera takes up 5 sq. ft. of floor space and stands 8 ft. 6 in. high. Power is supplied by a ½-hp. electric motor. Maximum power requirement for motor and lights is 1,000 watts.

• Source: Peerless Photo Products Inc., Shoreham, L.I., N.Y.

• Price: \$10,000 to \$15,000 for complete unit, including camera and processing and drying equipment.

NEW PRODUCTS BRIEFS

Flooded cellars, fishpools, or trenches can be emptied at the rate of 300 gal. per hour with an inexpensive (\$3.95) gadget put out by M. P. White Co., 55 Stuart St., Boston, Mass. This Drainmaster, a short piece of brass pipe with holes in it, fits between two sections of garden hose, one connected to a faucet and the other emptying into a drain. Pressure of the water in the hose sucks up water as long as the Drainmaster remains submerged.

Liquid stainless steel is being introduced to protect against rust and corrosion in photographic darkrooms. Fine flakes of stainless steel in vinyl plastics form a quick-drying liquid that can be sprayed, brushed, or used for dipping. Price is \$2.50 per pint.

Protecto-Plate is a magnesium rod you can hang inside your auto radiator to neutralize formation of rust in the cooling system. As the magnesium is eaten away by oxygen in the water, a protective film is deposited on the inside of the system. It lasts for six months to a year. Price is \$1.25 from Call Boy Co., 7147 Lyndale Ave., Minneapolis, Minn.

Endothal, a chemical compound for defoliation of cotton plants, is being made available in limited quantities this season by Pennsylvania Salt Mfg. Co. of Philadelphia, after four years of field tests.

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speedy

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SEALERS



ADHESIVES • COATINGS • SEALERS

Here's a valuable new addition to the 3M line of automotive products . . . 3M extruded sealers.

3M extruded sealers come in a variety of sizes, ready-made for fast, hand application on your production line. 3M extruded sealers eliminate the need for pressure extruding equipment and make possible a quick, on-the-spot seal. And, if you need a special shape extrusion, 3M will die-cut one to your specifications!

An additional feature of some 3M extruded sealers is their expansion when heated. These sealers swell about 50% under heat and cure to tough, rubber, gasket-like seals especially valuable when faying surfaces are irregular, and a completely tight seal is necessary. These sealers give a high degree of adhesion, and can be painted over handily.

Ask your 3M salesman to show you his line of extruded sealers . . . they are tailor made for the auto industry. Like all 3M products, extruded sealers are engineered for top quality and performance, ready to do a bang-up job for you! For more information about 3M extruded sealers write 3M, Dept. 17, 411 Piquette Avenue, Detroit 2, Mich.

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(Advertisement)



**30,680,000,000 dollars lent
to Americans in the last decade!**

• **Only Home-Credit Specialists** in the entire American financial system, Savings and Loan Associations* were patterned after the building societies in Britain and established in the United States as early as 1831. Because these community financial institutions by charter use first mortgage loans on homes as their primary method of re-investing funds, Savings and Loans are always ready to serve home buyers.

• **Originators of Monthly Payment**—In the interest of providing the average family with a practical method of owning a home during the years when it is important to the rearing of children, Savings and Loan Associations originated the monthly repayable mortgage enabling a person to pay for a major portion of the shelter expenses from current income. It is only natural therefore, that from 1930 (earliest records maintained) to date these specialized savings associations consistently have provided over 33% of all private financing. With the advent of FHA and government guaranteed mortgages, other types of lenders have shown varying degrees of interest in home mortgages as alternative investment opportunities fluctuate. To Savings and Loan Associations, however, home mortgages always remain the primary method of investing funds. While handling GI and FHA loans, they predominantly make loans on their own plans and assume their own risks.

• **10 Year Record of Lending**, from 1941 through 1951, shows that our nation's 6000 Savings and Loan Associations have provided home financing assistance for some 7,670,000 families and have advanced more than \$30 billion in home credit!

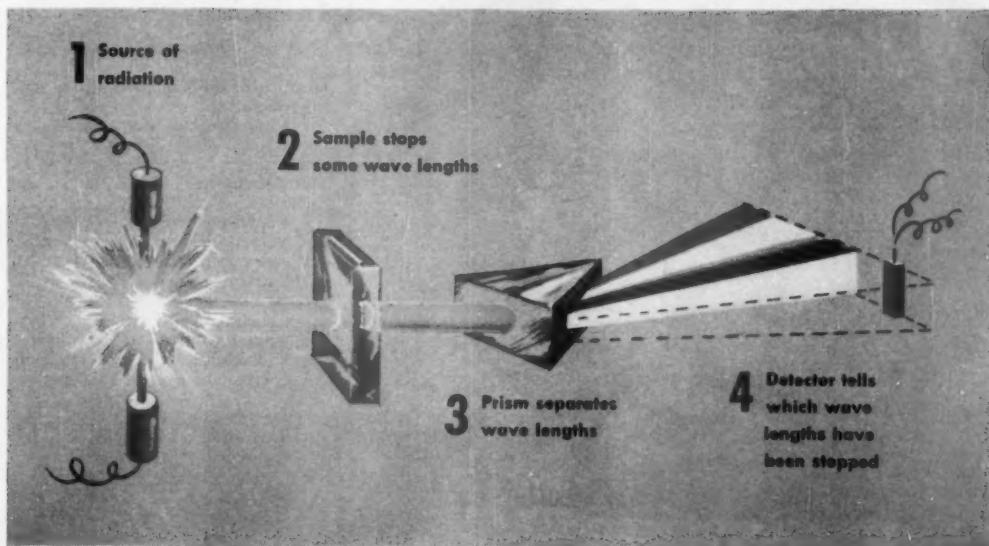
• **Savers Source of Cash**—These Savings Associations chartered under public laws are independently managed and operated. They offer the people of their community an opportunity to put savings to work for above-average earnings without speculative risks. Since it takes the funds of approximately seven savers in order to finance one home, it is easy to see why such institutions are known as Savings Associations. Throughout the country today, Savings and Loan Associations are safeguarding and employing for the benefit of the nation and individuals some \$20 billion of savings.

• **Look Into Your City's Savings Associations**. You and your business benefit greatly by the existence of strong and active Savings and Loan Associations.

This advertisement is sponsored by the United States Savings and Loan League in behalf of the 3850 member institutions who exhibit our emblem.

*The same general type of institution is also familiarly and legally known as: co-operative bank, building and loan association, homestead association, savings association, building association.

PRODUCTION



Infrared Comes Out of the Laboratory

Laboratory playthings have a habit of emerging from cloistered science onto the production line. Thus high vacuum, after years as a theoretical gadget for savants only, has become an important production tool (BW—May 24'52, p48).

Now infrared spectrometry is joining the parade. This use of radiant heat, the technique of passing infrared rays through an unknown substance to establish its identity, is shaping up as a big factor in changing petroleum and chemical methods. Already, du Pont has found that infrared will spot unwanted water in certain refrigerants. A. B. Dick Co. uses the rays to check paper, ink, and other materials.

• **Samples**—Pond's Extract Co. has become interested in infrared from another angle. The ray tests do not destroy the samples. Since many of Pond's samples include expensive ingredients, this adds up.

All of these uses are based on the testing of samples. But the industrial future of infrared seems to lie elsewhere: in continuous checking of products in large petroleum and chemical plants.

In such plants today, engineers control the processes by elaborate temperature and pressure gauges. By trial and error they have established that certain temperatures are most likely to produce

desired results. But it doesn't always work out according to the rule of thumb; small variables may upset the working of the process.

• **Batch Method**—To get around this—partially—the technicians have been turning out their products in batches. If one batch runs through the process successfully, the same instrument settings are used for the next batch. If not, the engineers change their settings and hope for the best.

While a batch is running through, there has been no way to test it except by taking a sample and sending it to the laboratory for analysis. Such tests take time; a batch running off key might be completely ruined before the chemists came up with their findings.

All this is changed by the use of infrared. The chemist can tell just what he is getting at any moment. And the availability of these continuous tests mean that some plants can be changed from batch to continuous-flow operation.

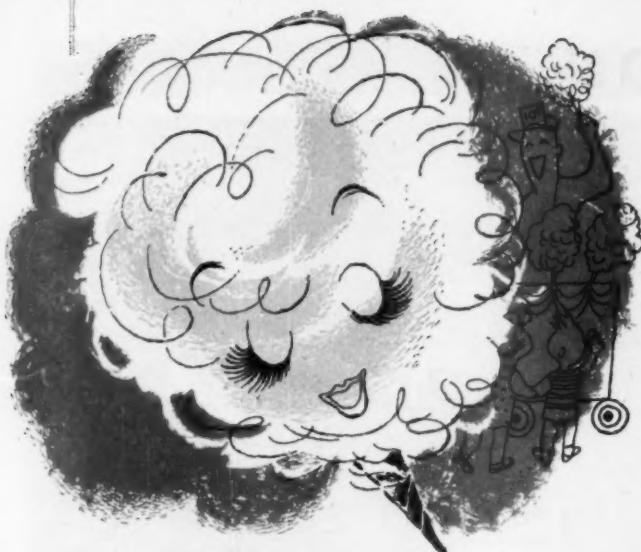
• **Absorption**—Here's how the infrared (or heat) ray works: A beam is directed at the product to be tested. Some of the rays are absorbed by the sample, others are not. The meat of the test lies in the fact that a product of a given chemical composition will always absorb exactly the same frequency, or "color," of infrared. The pattern of

frequencies absorbed will be different from that of any other material. In effect, this gives the chemist an identification check as simple and effective as that of the policeman studying fingerprints.

• **Automatic**—In industry, the infrared check will be simplified down to the particular frequency ray needed to spot the particular product. An infrared source will be installed on one side of a special section of the discharge pipe; the detector will be placed on the other side. Whenever the sample shows the wrong characteristics, a signal will be given. After adjustment, the instrument will tell whether or not all is well again. The check is continual and instantaneous.

In time, infrared may go a step further in the chemical field. Instead of merely announcing that something is amiss, the instrument may be developed to a point where it can correct the error. When the infrared device noted results indicating something was wrong with temperature or pressure, it would automatically adjust the process.

• **New to Industry**—Any such development of automation would be a far cry from infrared's long history as a laboratory toy. The rays have been known for over 100 years, and the absorptive principle has been used for more than 10. But industry, till very



Putting the Pfooff in Pink Cotton Candy!

Remember how it tickles as good as it tastes?

Spinning that delectable, gossamer, spun-sugar puff of pink cotton candy, however, requires a high degree of carefully controlled heat.

That is why the candy-making machine manufacturer, The Electric Candy Floss Machine Company, Nashville, Tenn., uses Ward Leonard VITROHM 13-inch plate rheostats to

control the temperature of the mixing bath.

The stability of VITROHM rheostats can always be counted upon when temperature control is critical.

Whether you make candy machines or battleships or any of thousands of other things, Ward Leonard's Engineering Department can help by recommending the correct control for each specific need.

Headlines of 1905

SPECTACULAR LIGHTING AND ELECTRIC CONTROLS FOR NEW HIPPODROME BUILT BY H. WARD LEONARD

When the Hippodrome, spectacular venture of Thompson and Dundee of Coney Island fame, opened in New York, on the east side of Sixth Avenue between 43rd and 44th Streets, in 1905, it created a sensation.

At that time the "Largest Theatre in the World," it had an immense stage and a huge tank of water in front of and under the stage for presenting elaborate spectacles.



The intricate lighting system and driving control for the stage machinery was designed and built by H. Ward Leonard.

Today, Ward Leonard still stands first in successful engineering of electric controls.

**WARD LEONARD
ELECTRIC COMPANY**

Result—Engineered Controls Since 1892



"... the detector could be set to announce—and perhaps later to correct—any deviations . . ."

INFRARED starts on p. 97

recently, did nothing about it, for various reasons.

- Industry has been reluctant to trust infrared results. Practical production engineers have turned deaf ears to critical comments uttered by an invisible ray.

- Spectrometers of the laboratory type are very delicate, and don't work well under shop conditions. Machines are now being designed to ignore the effect of vibration and moisture.

- Highly skilled scientists have been needed to read the spectrometer curves. Machines now being developed and new techniques aim to cure this factor.

Serious progress is now being made. The Perkin-Elmer Corp., which got into spectrometry via its experience in optics, estimates that the infrared field will expand as much as ten-fold in the next five to eight years.

Dr. Van Zandt Williams, P-E director of sales and research, is experimenting with two machines for industry use. Hitherto, the company has concentrated largely on laboratory-type instruments. It feels that these will continue to overshadow the industrial type for some time in sales importance.

- **Customers**—In working on the industrial type, P-E leans heavily on its prospective customers. Companies bring their problems to P-E; Dr. Williams and his staff try to find out if infrared can provide the answer. If it does, P-E is set to sign up a customer.

Recently, Williams was asked if infrared rays could control the thickness of transparent plastic film flowing through a machine. The answer was yes: Once the absorption of the desired thickness was established, the detector could be set to announce—and perhaps later to correct—any deviations.

No matter how far the industrial-type instrument is developed, it will continue to have a marked difference from the laboratory type. In the laboratory, complete checks of a product will be made. A graphic analysis will show all the wave lengths absorbed and all those that pass. Comparison with established charts will then indicate the exact composition of the sample.

The shop machine, on the other hand, will do its "thinking" on the basis of earlier lab work. It will be adjusted to record only the wave lengths which lab tests have shown to be significant in holding the product to the desired norm.

65 different types of business

—thousands of concerns—now using Recordak microfilming

(the modern photographic process that records documents of any type
instantaneously . . . for a fraction of a cent apiece.)

Florists' Telegraph Delivery Association,



for example,



... found that Recordak microfilming reduced costs \$500 per month in handling the incoming reports from its members . . . and in preparing outgoing reports.

Just look at some of the interesting statistics:

Before . . . 142 hours were required per month for the tedious job of dating and filing 40,000 incoming reports . . . and removing old reports from the files. **Another 20 hours**—to separate the carbon copies from the 40,000 outgoing punch card reports, and assemble them for filing.

Now—in just 48 hours *all* 80,000 of these reports are "filed" on compact rolls of Recordak Microfilm.

What's more, the photographically accurate and complete Recordak Microfilms have eliminated the need for carbon copies of the "outgoing" reports, which in itself more than pays for *all* microfilming costs.

Your business?

Regardless of its type or size, you should investigate Recordak microfilming soon. For the chances are this truly remarkable photographic process is already simplifying filing and accounting routines which are similar to yours . . . *doing a more efficient job at a fraction of your present costs.*

Write today for detailed information on the process . . . and the complete line of Recordak Microfilmers now offered on a surprisingly low-cost purchase or rental basis. Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Avenue, New York 22, N. Y.

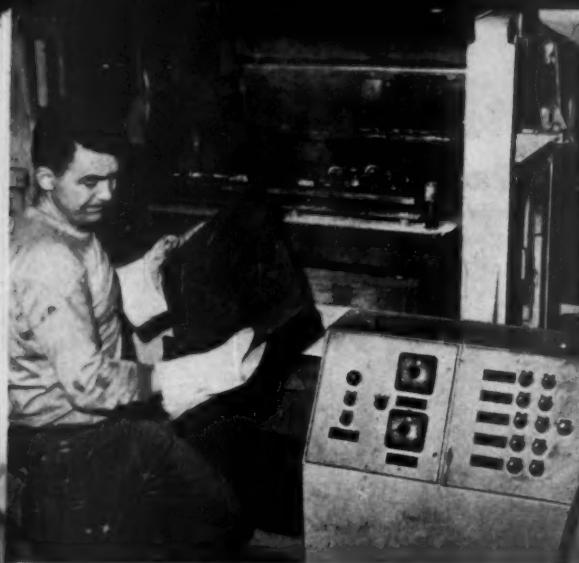


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1 At the touch of a button, this machine automatically forms and bonds both halves of a shell mold.



2 The two halves are cemented together. This mold will make six elbow pipe fittings from hard-to-cast stainless steel.

Unveiling Secrets of Shell Molding

New Jersey foundry thinks industry will gain by exchanging ideas rather than keeping secrets.

"All over the country . . . foundries are secretive about their shell molding operations. The fouled-up patent situation is responsible, and it's slowing up development of the process by curbing the usual swapping of technical information."

That's how *BUSINESS WEEK* reported on the shell molding process last winter (BW-Dec. 15 '51, p44). This new technique turns out shell-like halves of a foundry mold by heat and pressure. It saves several steps, and several skills, required by the old method of making molds by packing sand around a wooden pattern.

The way it stands now, the patent situation is still fouled up, with very little hope of settlement for months to come. But the theory of how to use the method has been publicized (BW-Jun. 28 '52, p78), and the secrecy surrounding actual foundry use was lifted a trifle last week.

• **Behind the Curtain**—Harry A. Cooper, president of Cooper Alloy Foundry Co., of Hillside, N. J., has lately been working on the process behind closed doors, like other foundries. But he thinks the secrecy is depriving the industry of a chance to advance faster. He'd like to see technical knowhow in free circulation. So he set an example by taking the wraps off shell molding operations at this foundry; the pictures on these pages are

believed to be the industry's first release.

Shell molding at Cooper Alloy is basically the same as at any other foundries. As with other, more secretive shops, however, Cooper Alloy has developed tricks of its own. When the company got interested in shell molding two summers ago, its engineers, T. J. McLeer and W. D. English, had to work out the details from scratch.

• **Process**—Briefly, shell molding works like this: An aluminum pattern is made for the part that's to be cast. From this pattern, two shell-like halves of a mold are made of a mixture of sand, iron oxide, and plastic resin. The plastic binds the mixture together when it comes in contact with the heated aluminum pattern.

The two shells are pressed into one hollow mold with the help of tape or powdered adhesives, and the molten metal is poured into it. After the metal cools, the mold is broken and the near-finished part is removed.

• **Refinements**—At Cooper Alloy, making the shell molds is almost an automatic step, with the help of a fancy processing machine. The shop can turn out 350 completed molds in a day, compared with 75 a day for sand molds. This speed is largely due to improvements the company engineers worked out by cut-and-try methods.

The road wasn't smooth, though, for McLeer and English. To begin with,

Cooper Alloy is a specialist in stainless steels. Stainless is tough enough to cast by conventional sand molding, but tougher yet with shell molding. The engineers didn't iron out all the bugs overnight. One problem: The finish and grain distribution of shell-molded castings was below par in the beginning. However, it was better than average after the engineers had worked six months on mold mixtures and construction.

• **Advantages**—Cooper Alloy has now achieved its objective of getting high productivity and a low reject rate on long-run castings—those that require a good surface finish and little final machining. Made by ordinary sand molds, these castings have a high reject rate that pulls down the output. Small shell-molded castings such as pipe fittings are a standard item now.

The long-run castings take some close cost accounting, though. Because of the high cost of plastic resins, shell molds are more expensive than those made of sand.

But advantages of the process don't begin and end with the castings themselves, Cooper Alloy has found. Other operations in the foundry gain, too.

A shell mold requires less metal than a sand casting and leaves less scrap. A foundry thus can get a larger quantity of usable metal out of the same melting capacity of its furnaces. Shell molds also take about one-third less space on the foundry floor, which allows output to be expanded without adding to the size of the shop.



3 This press—and heat working on the adhesive—completes the forming of two halves into one shell mold. Copper Alloy engineers worked out this step themselves.



4 The finished shell mold is now ready to use. It can easily be stored.



5 Cooper's molds are strong enough to hold up without extra support during the pouring operation. They need only a rack to hold them upright. Finally . . .



6 Molds can be broken away from the finished casting 5-7 min. after pouring.

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ACID-RESISTANT LINER, 18 ft. by 3 ft., is made of a fluorocarbon plastic. It will protect a costly tank from corrosion. That's a new civilian use as . . .

Fluorocarbons Go Commercial

Production is being expanded to take care of industrial as well as military uses. And prices are coming down within reach of the commercial customer.

Organic chemistry—the branch that deals with carbon and its compounds—has gone ahead faster in the past 100 years than almost any other industry established that long. Yet one big limitation always dogged it until now: Carbon compounds, like all the metals except gold and platinum, could be broken down by oxidation.

Now this restriction has been thrown off by the development of the silicones (BW-Mar. 15 '52, p138) and the fluorocarbons (BW-Oct. 27 '51, p46). Both are extremely stable, heat-resistant, non-inflammable thermoplastics.

• **Big Three**—Fluorocarbons (sometimes called fluorochlorocarbons) are newer in the field and less well known. These companies are leading the field:

• Minnesota Mining & Mfg. Co. opened small-scale operations at Hastings, Minn., last year. Expansion plans have been O.K.'d, but the product is still being turned out by pound and barrel lots.

• W. M. Kellogg Co., a subsidiary of Pullman, Inc., last week announced plans to expand its plant in Jersey City to produce commercial quantities, starting before year-end. Next year the company expects to run off close to 1-million lb. of its Kel-F.

• Du Pont is already producing its Teflon in commercial quantities but is thinking about producing more.

• **Special Talents**—Only 10 years ago, fluorocarbons were just a laboratory curiosity. What brought them out of the laboratory and into commercial production is a quartet of special properties:

• They work satisfactorily over a temperature range of more than 700 degrees—from minus 320F to plus 390F—and they are highly resistant to electricity. This means they're good insulators and packaging material.

• They are not affected by most acids, solvents, and oxidizing agents. This makes them a natural for handling corrosive materials.

• They don't absorb moisture. They shed water like a duck's back and show zero moisture absorption no matter how long they're dunked.

• They can be molded by all standard methods, can be drilled, punched, or machined to close tolerances. They're so tough that hammer blows on a solid piece hardly make a mark.

• Under Military Bushel—Fluorocarbons came to flower pretty much in the dark, because the military clamped tight security restrictions on the gadgets in which they were first used. The military is still the big customer.

The next step will be to get production volume high enough to satisfy government needs and permit wider use by industry. At the same time, prices should drift down within the reach of industry. Right now, fluorocarbons are the gold and platinum of the plastics family. Only the government can afford to buy them. But the trend is down: Prices of Kel-F have been slashed from about \$29 a lb. in 1947 to about \$12 a lb. today. Teflon is slightly cheaper; some varieties sell for \$5.50 a lb. The initial cost doesn't sound so

bad when you consider savings on maintenance and replacements.

• Future—Fluorocarbons can do a big job for the electrical and electronics industry. With the trend toward smaller, more compact gadgets on the style of the Dick Tracy wrist radio, insulation has to be effective without taking up space. That's a strong point of fluorocarbons.

And some day, they may produce a revolution in the kitchen. The housewife would be able to buy a food, seasoned, vacuum packed, and frozen in a fluorocarbon plastic bag. At meal time, she could take it straight from her refrigerator to a pan of boiling water. After the contents had been heated through, she would trim the plastic bag to fit a specially designed stand on the table in front of her hungry husband, who then would eat right out of the bag. After dinner, drop the empty bag in the disposal unit—no pots to scour, no dishes to wash.

PRODUCTION BRIEFS

Built-in protection against "athlete's foot" in swimming pools, locker rooms, and showers is just around the corner, according to Battelle Memorial Inst., Columbus, Ohio. Battelle's tests show that when copper acetoarsenite is added to concrete, the fungi will be controlled for two or three years and possibly longer. In addition, the light green color of the copper-compound additives eliminates the need for painting.

Goodyear Aircraft Corp. has been awarded an Air Force contract to design and develop a radically new and improved tow target for jet-fighter gunnery practice. The contract entails a one-year program to produce several prototype tow targets capable of operation at high subsonic speeds and high altitudes.

Dredging equipment, house trailers, and railroad cars are among the items being assembled at Mobile, Ala., for the first shipment of U.S. equipment to the Cerro Bolivar iron mines in Venezuela. The mines are owned by the Orinoco Mining Co., a subsidiary of United States Steel. They contain ore said to be the richest in the world, assaying nearly 70% iron.

Aerial photography is now being used for inventory of coal piles at TVA steam plants and also for chemical stock piles at fertilizer plants. TVA officials in Knoxville say the method is "more satisfactory than ground surveys."

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New Tension in the Cold War

There's a step-up in the cold war all around the world.

In Russia, the Kremlin's "Hate America" campaign has been geared to a new, frenetic pitch. In Germany, Communists are creating a "no man's land" along the line between the Soviet East and the West by removing political undesirables from border villages. In the Baltic they're reported building a "Stalin Wall" of military and naval bases along the East German coast. They've machine-gunned neutral Swedish planes over the Baltic.

Now the U.S. is apparently taking the initiative in Korea. The bombing of the Yalu power stations—held sacrosanct for two years—is the first attempt to step up the military pressure on Chinese and North Korean armies. With the long drawn out peace negotiations completely stalled, it was a logical step. But it will grate Communist nerves—and it clearly indicates that the United Nations will hold up their end in the cold war.

This increased tension will be felt most keenly in the U.S. by two groups: (1) those who make foreign policy and (2) business leaders.

What will be the impact on U.S. foreign policy makers?

Our allies have had qualms about U.S. policy at least since the shooting began in Korea. With the bombing of the Yalu power plants, leaders of the British Labor Party protested seriously and forced the Churchill government to admit that it hadn't been consulted. It all goes to underline the difficulty Washington will have in holding the anti-Communist nations together as the tension increases.

The tension tightens, too, with the U.S. in the throes of an election campaign—and with foreign policy a major issue in that campaign. Finally, it comes at a time when the need for new thinking on some aspects of foreign affairs is very clear. Key European leaders now agree (BW-Jun.21 '52, p157) that the U.S. dole of dollars in the form of economic aid has about run through its usefulness. The need for dollars is still there—and may be for years to come—but straight grants of \$1-billion a year or more aren't the way to meet it.

What will be the impact on U.S. business?

The danger lies in the fact that no one can forecast the impact with precision. Korea provided one spectacular demonstration of what can happen to business when storms swirl on the international front.

In the six months after the shooting broke out, prices of raw materials shot up 58%. Shortages developed overnight. Materials and components by the dozen became critical. Businessmen scaled upward their plans for expansion—and scaled them up again. Retail customers, retailers and others all the way back to raw material producers fought to build up inventories. And all this before the defense program even got rolling.

The reaction afterwards was not as violent, but it

reached almost as far—and harassed businessmen just as much. Raw materials prices dropped 29% in 18 months—many almost to their pre-Korean level. Business after business had to whittle down inventories the hard way.

Now the economy is again poised in much the same position that it was before Korea.

True, it's not likely that we'll have a repeat performance on what happened after Korea. Things don't go so patly. But the possibility of another sharp spurt of inflation following an upset on the international front is one that business can't overlook.

Many prices are beginning to swing up. The defense program will be building up to a peak this winter—keeping a steady strain on supplies of materials. The Treasury is meeting a substantial deficit (BW-Jun.28 '52, p32) partly by borrowing from the banks—which in itself is inflationary. And, if we should be caught by another Korea, it would come at a time when the government's economic controls were being fast dismantled.

For business there will be no simple answers. For no one can forecast just what the Communists will do. But with the tension growing, it'll pay to do some cool planning—and to keep a cool eye on Moscow.

End to Reform?

It is small credit to the Senate that it recently turned down three of the Hoover Committee recommendations (page 48). Men of greater courage would have thought it more vital to put through long-range reforms in three departments than to hold onto appointing privileges for the 21,584 jobs affected by the bills. But election years make cowards of both parties. In trying to keep that much patronage in its own hands, the Senate defeated the economy for which it screams at less vulnerable times.

This defeat has not discouraged the Citizens' Committee for the Hoover Report. The publicity it got was a measure of the impression made on the public mind. The committee has elected a new chairman, Morris Sayre of Corn Products Refining Co. After two years of intensive work members plan to go into deep freeze when the present Congress goes home. They figure that with the active help of businessmen, they will have pushed through about 60% of the "must" bills on their list. If they get help enough they will pick up another 5% in the closing days of this session. After election they may resume business.

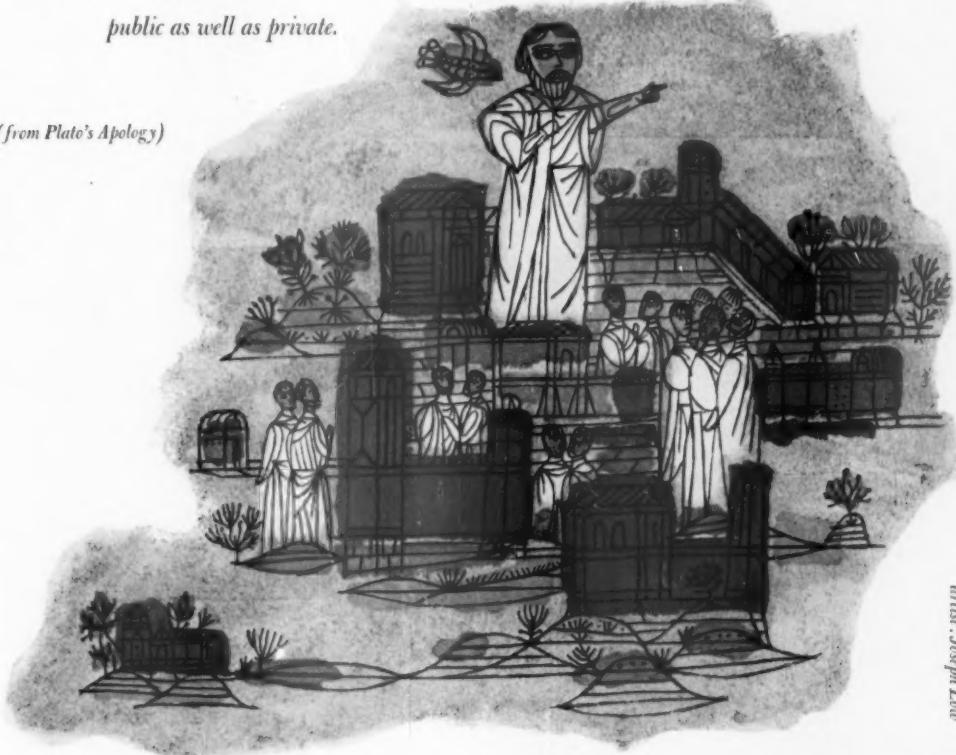
The record is good and the lesson it teaches is clear. Our government is still a bumbling, top-heavy institution, costing too much and spending too much. But it is not, as people feared when Hoover students first went to work, untouchable by reform. On the contrary, the businessmen who backed the Citizens' Committee have learned how to get reform if they want it badly enough.

SOCRATES ON THE GOOD OF MAN

*I do nothing but go about persuading you all,
old and young alike,
not to take thought for your persons or your properties,
but first and chiefly
to care about the greatest improvement of the soul.*

*I tell you that virtue does not come from money,
but that from virtue comes money
and every other good of man,
public as well as private.*

(from Plato's *Apology*)



artist: Joseph Low



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The fact is that you will find Geon in almost universal use, from adhesive bandages to electrical insulation. There is hardly a product that can't be improved with the use of this versatile plastic. Geon provides exceptional resistance to heat and cold, aging, grease, oil and most chemicals and abrasion. It can be made in a wide range of colors, delicate or brilliant, and be used for molding, casting, coating or dipping.

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